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NEWS SUMMARY

GENERAL

Minister resigns over Moro

Sig. Francesco Cossiga, Italy's Interior Minister, resigned last night in the wake of the killing of kidnapped former Premier Sig. Aldo Moro.

The *Interior Ministry said* the decision was "irrevocable" but there was no immediate reaction from the office of the Prime Minister, Sig. Giulio Andreotti.

Sig. Cossiga has been criticised for the failure of the security forces under his control to combat the latest wave of political violence and the Minister said he assumed complete responsibility for the Government's stand during the 54-day hunt for Sig. Moro's kidnappers. Back and Page 3

Divorce for Snowdons

Princess Margaret and Lord Snowdon, who separated two years ago, are to be divorced. Kensington Palace said proceedings were already under way and the Princess, in hospital with a suspected gastric complaint, would be represented by the Queen's solicitor. The couple married in 1960.

Liverpool win

Liverpool last night became the first British soccer club to win the European Cup two years in succession when they beat Bruges of Belgium 1-0 at Wembley. The Scottish international Kenny *Dalglish scored the goal.*

Dalglish and his Scotland colleagues made another gain when the Government announced that the Hamilton by-election would take place on Wednesday May 31—to avoid clashing with the World Cup opening ceremony, which is being televised live from Argentina the following day. Parliament. Page 11

Envoy's appeal

Arkady Shevchenko, the former Soviet UN diplomat whose wife is reported to have committed suicide in Moscow, has appealed to the U.S. to help bring his teenage daughter to the U.S. Page 2

Hailsham tragedy

The wife of Lord Hailsham has been killed in a riding accident in Sydney, Australia. Lady Hailsham, 64, was with her husband on a private visit when a horse threw her on to a roadway. She died in an ambulance on the way to hospital.

MP's damages

Mr. Reginald Maudling has accepted "substantial damages" from The Observer following the newspaper's use of Mr. Maudling's photograph alongside an article alleging corruption by MPs. The article specifically stated that Mr. Maudling was not one of the three MPs referred to.

Sadat rejected

Syria has rejected an attempt by Egypt's President Sadat to heal the Arab rift caused by his Middle East peace initiative. Mr. Sadat offered to "freeze" the initiative but Syria's President Assad is reported to have insisted it must be dropped *altogether.* Page 4

Briefly . . .

The threat of further oil pollution in East Anglia receded last night as two slicks from the wrecked tanker Eleni V *drifted out to sea.* Page 6

A man found hanged in a cell at Castlereagh police station, Belfast, was named as Brien Maguire, from Lisburn.

About 1,000 Right-wingers demonstrated in Pamplona, *Spain, after the funeral of a* Civil Guard killed when his jeep was bombed.

Four people died when a building collapsed in Istanbul's Beer Passage Alley.

Three men jailed after an IRA plot to blow up the QE2 were refused leave to appeal in London.

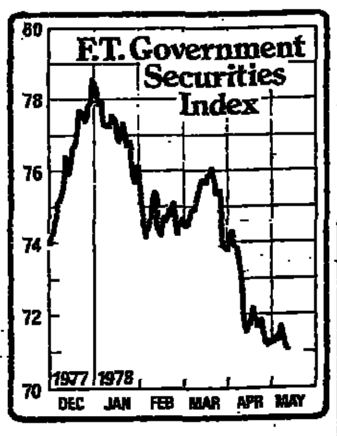
Composer Irving Berlin, 90 to-day, says he would like to write yet another Broadway musical.

BUSINESS

£ gains 1¼ cents; Gold up $1

● EQUITIES made a technical rally, despite the effect of April's banking statistics and speculation over a rise in Minimum Lending Rate. FT 30-Share Index, down 2.4 earlier, closed 3.9 up at 475.0.

● GILTS almost recovered early losses, closing some ¾ above the day's worst. Government Securities Index slipped 0.11 to 71.01.



● GOLD rose $1 an ounce to $174¼. NY Comex gold May settlement price rose to $174.40 ($172.30).

● STERLING gained 1¼ cents to $1.8245. Trade weighted index improved to 61.5, (61.3). Dollar's weighted depreciation widened to 5.31 per cent. (5.00).

● WALL STREET closed up 0.09 at 822.16.

● UN COMMISSION on Transnational Corporations is likely to adopt a compromise solution, possibly establishment of an intergovernmental group, at its meeting on disclosure guidelines next week: Page 6

● U.K.'s IMF standby credit is likely to remain in being for the rest of the year. Treasury talks with a Fund team start to-day. Back Page

● MONOPOLIES Green Paper calls for tougher attitude to *mergers based firmly on the* need to preserve competition. Back and Page 22

Ford takes 30% of car market

● FORD U.K. took 30.9 per cent. of the British car market last month, ahead of British Leyland's 16.7 per cent. Peugeot is to launch a new model in Britain later this month. Page 7

● CIVIL and Public Services Association Left-wing polled 78.8 per cent. of votes to swing control of the national executive 22—6 in its favour. Back Page

● CONFIDENTIAL working party report to be discussed by BSC management and union leaders contains proposals for radically strengthening workers' participation in the steel industry. Page 10

● BUILDING INDUSTRY may face strike action after TGWU shop stewards rejected a pay offer of just under 10 per cent., previously accepted by their officials. Page 10

● BASF, the West German chemicals group, is to channel an increasing amount of its capital investment overseas. Back Page and Page 29

COMPANIES

● HARRISONS and Crosfield announced an agreed £116m. bid for the 73.6 per cent. of Harrisons Malaysian Estates it does not own. Back, Page 28 and Lex

● ROYAL INSURANCE COMPANY first quarter pre-tax profits were £28.6m. (£27.5m.) after underwriting losses of £1.1m. (£1m. profit). Page 24 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

istillers	185	+ 6
lys (Wimbledon)	150	+ 15
urness Withy	268	+ 6
awker Siddeley	212	+ 8
enderson (P. C.) A	69	+ 9
L	280	+ 4
cnney Products	72	+ 3
allinson-Denny	53	+ 4½
oss Bros.	102	+ 7
ash (J. F.)	100	+ 23
acal Electronics	238	+ 5
ot. & Univers. Inds.	120	+ 5
aveley Inds.	240	+ 6
heeler's Restaurants	390	+ 60
arrisons Malay Ests.	97	+ 7
Lunuva	210	+ 30
Siebens (U.K.)	340	+ 10
Ayer Hitam	355	+ 20
Doornfontein	271	+ 20
Geevor	145	+ 5
President Steyn	687	+ 35
Rustenburg	84	+ 6
Tronoh	202	+ 5
Ventersport	186	+ 16

FALLS

Treas. 12pc 1983	£103¼	— ¼
Akroyd and Smithers	215	— 15
Harrisons & Crosfield	487	— 18
King and Shaxson	58	— 4
Royal Insurance	370	— 6
Smith Bros.	54	— 3
United Scientific	300	— 8

Two-vote victory for higher tax rate cut

BY RICHARD EVANS, LOBBY CORRESPONDENT

MR. DENIS HEALEY's Budget calculations received another substantial blow last night when MPs voted for a Conservative proposal to raise the starting point for higher tax rates by *£1,000 to £8,000.*

The cost of the amendment, £105m. in the current financial year, £150m. in a full year, makes it much more probable that the Chancellor will take retaliatory action to meet the shortfall in tax revenue.

Last night's defeat, by two votes, 288 to 286, comes after Monday's reverse on the 1p reduction in standard rate, which will cost £340m. this year, £370m. in a full year.

But the position was complicated last night because of a *Government claim that the Tory* amendment was defectively drafted, and would have to be altered in the report stage of the Finance Bill in the summer.

According to Ministers, the amendment, as well as raising the threshold above standard *rate to £8,000, has a "ripple"* effect throughout the higher rates

This increases the cost considerably. The estimated cost of a simple increase of the standard rate band to £8,000 was £4m. a year.

Apart from the effects on the Budget strategy, the significance of last night's division is that it exposes once more the relative weakness of the Government's *minority position in the* Commons.

There remains every chance that Mr. Callaghan can continue in office into the autumn because of the support of the Liberals on a vote of confidence, but his prospects for continuing beyond November are becoming decidedly dimmer.

One great relief to Ministers is that there is little prospect in the remainder of the committee stage of a combined front of Opposition parties inflicting further major defeats on the *Government.*

Ministers will wait to see the total damage done to the Chancellor's Budget calculations before reaching a decision on what action to take. Mr. Healey has said he will move swiftly to correct any sign of the public-sector borrowing requirement approaching the Budget limit of £8.5bn.

The most likely candidates for retaliatory action are an increase in the employers' National Insurance contributions, increased company taxation, and raising *stamp duty on both Stock* Exchange dealings and higher-priced house purchases.

The defeat was caused partly by the failure of two MPs who normally support the Government to turn up. They were Mr. John Robertson of the Scottish Labour Party and Mr. Frank Maguire, the independent Irish Republican.

Mr. Bob Parry, Labour MP for Liverpool Exchange, was absent sick but unpaired.

In the Opposition lobby were the 13 Liberal MPs, 10 Scottish *Nationalists, and nine Ulster* Unionists. The three Plaid Cymru MPs voted with the Government.

The key division was deliberately postponed by the Government Whips so that MPs could watch the European Cup Final

The Tories were later defeated on amendments aimed at raising the starting levels at which investment income surcharge is payable.

The amendment to raise a starting point for those under 65 from £1,700 to £2,000 was defeated by 289 votes to 275, a Government majority of 14.

The Opposition then decided not to press a further amendment raising the starting point for those over 65 from £2,500 to £3,000.

Another Conservative amendment which would reduce and simplify the higher tax bands and cut the top rate from 83 per cent. to 70 per cent. was rejected by 284-278.

In the debate Ministers went out o ftheir way to stress the dangers of introducing further tax cuts, particularly throughout the middle and upper ranges.

But Sir Geoffrey Howe, the Shadow Chancellor, argued in an effective speech that if the top-rate tax burden were reduced significantly people would take risks, invest more and work harder, and the country would benefit enormously.

Mr. John Pardoe, the Liberal spokesman on economic affairs, insisted that the changes should be seen as the start of a wider reform of the tax system.

Parliament Page 11
Borrowing requirement Page 6

EFFECT OF THE VOTE

Salary: Married with no children	Annual increase in net take home pay	%
£10,000	£93	1.4
£15,000	£293	3.3
£20,000	£418	4.0
£25,000	£457	3.9

In addition there would be £1.20 more a week after the 1p cut in the standard rate.

Whitehall and GEC dispute threatens jobs

BY MAX WILKINSON

A £20m. PLAN to create 1,000 new jobs on Merseyside is threatened by a dispute between the Government and the General Electric Company over the operation of pay policy rules.

The Government is refusing to give investment aid for a new furniture factory at Runcorn unless it obtains agreement on detailed conditions relating to pay policy.

This is the first time it has come to light that a major industrial project has been put in jeopardy by a company's being reluctant to accept the Government's pay policy rules.

The investment is planned by GEC-Schreiber which is 67 per cent. owned by GEC.

Difficulties are also looming in negotiations between GEC and the Government over a further £20m. project to build washing machines at Rhyl, North Wales. However, this project is believed not to have been approved formally by GEC and negotiations on a grant are at an early stage.

Five Ministers are involved in discussions with the company, and it is possible the issue will have to be resolved in the Cabinet.

GEC has told Whitehall that pay policy clauses which the Government wants to attach to its grant are not provided for in the Industry Act and are irrelevant to the social and financial issues involved in the investment.

The Government has been making provision of its financial aid conditional on acceptance of the pay policy for some time. Earlier this year, Ministers extended the conditions to Government contracts. This caused widespread opposition from in*dustry and employers' organisa*tions but it has been accepted reluctantly by most companies.

GEC appears to be saying that its proposed investment, which it considers to be financially marginal, should not be hampered by such conditions, *especially* since the company proposes to bring much-needed jobs to a depressed area.

The extent of the Government's proposed support for the Runcorn project is not known but could be about £5m. Officials indicated that the amount of money offered was not a source of disagreement and that the hold-up centred on pay policy clauses.

Sir Arnold Weinstock, managing director of GEC, yesterday refused to comment, and Mr. Chaim Schreiber, managing director of GEC-Schreiber said only that he hoped to make an announcement next week.

The Department of Industry said: "We have made an offer to GEC and are awaiting its reply."

It is now clear that unless agreement can be reached fairly rapidly GEC could withdraw from the project, which would then collapse. Negotiations are complicated by the fact that GEC allows great freedom to its subsidiaries. In this case a substantial investment from GEC's central funds is required.

Possible difficulties over the investment at Rhyl arise at present over the location of the factory.

For the most efficient production, it would be sensible for GEC to site its new factory close to its present Hotpoint washing machine works at Llandudno.

However, the company is considering a plan to provide jobs at Rhyl, where they are more urgently needed, even at the *possible expense of efficiency.* Negotiations with the Government are believed to centre on how much grant should be paid towards this social objective, and the feasibility of splitting production between two sites.

£ in New York

—	May 10	Previous
Spot	$1.8210-8220	$1.8145-8155
1 month	0.70-0.65 dis	0.65-0.55 dis
3 months	1.88-1.78 dis	1.72-1.62 dis
12 months	6.95-6.75 dis	6.75-6.55 dis

Benn seeks more control over N. Sea development

BY RAY DAFTER, ENERGY CORRESPONDENT

MR. ANTHONY Wedgwood Benn, the Energy Secretary is planning to extend state control over North Sea oil development under controversial new licence conditions proposed yesterday.

The proposals for the next round of exploration licences have angered many in the oil industry. There was an immediate warning that a number of companies would refuse to bid for the 40 sixth-round blocks which are to be offered later this year.

Mr. Ben said yesterday he was determined to use the next licensing round "to strengthen British control over our own offshore oil resources."

The proposals were designed to obtain the fullest possible benefits for the country while provoding opportunities for companies to play their important role as partners in the North Sea venture.

The State—through the British National Oil Corporation or the British Gas Corporation—will again have at least a 51 per cent. stake in all blocks. Under the proposed sixth round terms, however, oil companies are being invited to offer the State corporations an even bigger stake in operating groups.

In another new move, the Government is inviting companies to pay for at least part of the oil corporation's exploration and appraisal costs. The industry has always opposed the concept of financially carrying the oil corporation through the risky exploration phase.

Following pressure from the U.K. Offshore Operators' Association the Government dropped this proposal from its fifth round licence conditions and the oil corporation was made to pay its way.

Now private companies are being asked to make an offer on the amount they are willing to contribute towards the oil corporation's costs. The clear implication is that companies which offer the most will be favoured when applications are considering—assuming that they meet the other stipulated requirements.

Companies are also being asked to give the oil corporation the option to buy all or a substantial part of their sixth round crude production, subject to a six months written notice. At the same time they may be required to accept an option to buy a large part of the oil corporation's crude.

Mr. Benn said other criteria that would be used in judging applicants included their record in providing training for work offshore, their attitude to trade union representation offshore, and their financial and technical competence.

Independent companies have expressed concern that the conditions will force them out of the sixth round of licences. Mr. Wedgwood Benn said, however, there would be no discrimination. A new proposal allowing the operatorship of offshore groups to change after the exploration phase would assist independent companies whose prime interest was that of an investor.

The consultative document on *the proposed licensing conditions* states that the oil corporation should be made operator on at least six of the 40 blocks and that where it was not an operator it should have the right to assume joint responsibility for all public announcements and statements concerning the licence activities.

Application fees and licence rentals are also to be raised by 25 per cent. under the proposals.

Continued on Back Page

Doctors win 28.5% pay rise by 1980

BY DAVID CHURCHILL

BRITAIN'S 75,000 doctors and dentists who work for the National Health Service are to get pay rises of 28.5 per cent. by 1980 to bring their earnings into line with those of other professions. This was the main recommendation of the Review Body on doctors' pay whose report was published yesterday.

The Prime Minister last night accepted the report in full. This means 10 per cent. rises backdated to last month with the remaining 18.5 per cent. phased over the next two years.

Such a two-stage deal is broadly similar to the increase announced last month for the Armed Forces following their own Review Body report. Similar deals have also been negotiated with the police, firemen and university dons.

The doctors' 28.5 per cent. increase is intended to restore the earnings relationship to other professional groups that existed in 1975 before the present round of pay policy began. The doctors and dentists will also get further rises over the next two years, in addition to the 18.5 per cent., to take account of the increased cost of living. These will be calculated by the Review Body in its next two annual reports.

Mr. David Ennals, Secretary for Social Services, yesterday refused to say when the balance of the increase would be paid. But the British Medical Association warned last night that it would seek implementation as soon as possible, depending on what incomes policy emerges *this summer.*

The BMA is worried that it could be caught out with a phased increase, as has happened before. It points out that doctors and consultants are still £2,000 a year worse off than the Review Body believed appropriate at present.

The structuring of the 10 per cent rise is also likely to cause

Continued on Back Page
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A special case for treatment, Page 8

Big Iran contract gets go-ahead

BY ANDREW WHITLEY TEHRAN, May 10.

A FOUR-PAGE protocol agreement signed in Tehran by British and Iranian government representatives has cleared the way for work to resume on Britain's largest single contract in the Middle East.

Contracts for construction of the Isfahan ordnance complex, which will turn out a wide range of ammunition as well as parts (such as gun barrels) for Iran's Chieftain tanks, are expected to follow the protocol, which sets out the broad lines of the necessary co-operation between the *two governments.*

The value of the work may be around £700m. Eighteen months ago the cost of the overall project was put at £770m. Since then Iran's Military Inndustries Organisation has been restructured.

Some work is expected to go to Western European or U.S. contractors. But the signing on Sunday, coming after some 20 months of difficult negotiations, means that the lion's share will almost certainly go to the Wimpey-Laing consortium working through Millbank Technical Services, the British Government's defence sales agency abroad.

The means of payment have not been finalised yet. But a "parallel" oil deal on the lines of that worked out by Iran with America's General Dynamics and Ashland Oil over the purchase of the F-16 fighter looks most likely.

A parallel oil deal means that the U.K. Ministry of Defence has to find an oil company willing to purchase quantities of Iranian oil over and above its normal take, to the value of the contract work to be undertaken.

The funds Iran obtains from the *sale* are then put into a separate account to pay the contractors.

The British embassy in Tehran said to-day that work was resuming on the project after various difficulties had been overcome. The protocol was signed by Mr. *Ron Ellis*, head of overseas defence sales at the U.K. Ministry of Defence, after a final meeting with the Shah.

Last November agreement was reached over a smaller package of work at the Isfahan complex, and this apparently paved the way for a return to overall responsibility for Britain.

The project has a long and chequered history, going back to 1975. Site work began before a formal contract had been signed, as is frequently the case in Iran.

Oil exports fall, Page 5

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FEATURES

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EUROPEAN NEWS

Karamanlis changes economic Ministers

By Our Own Correspondent

ATHENS, May 10.

MR. CONSTANTINE KARAMANLIS, the Greek Prime Minister, to-day reshuffled his five-month-old Cabinet to take in two Liberal politicians who he appointed to key economic posts. It is considered the opening move by the Government to broaden the political spectrum of the ruling New Democracy Party.

Mr. Constantine Mitsotakis (60) was appointed Minister of Co-ordination, to supervise the economic sector, and Mr. Athanassios Canellopoulos (55) was made Minister of Finance.

Mr. George Rallis (60), who became Minister of Co-ordination after last November's general election, has taken over the Foreign Ministry from Mr. Panayotis Papaligouras, who resigned for health reasons.

Mr. Ioannis Boutos (53), until now Minister of Finance, replaces Mr. Athanassios Taliadouros as Minister of Agriculture.

The appointment of Mr. Mitsotakis as economic overlord reflects the Greek Premier's concern with the economy which has not been doing as well as expected. Inflation remains a nagging problem, the balance of payments has worsened and there has been a lack of investment.

Mr. Mitsotakis was a successful Minister of Co-ordination in the mid-Sixties. His newly-formed Neoliberals Party won only 1 per cent. of the vote in the general election and has two seats in the 300-member Parliament.

Mr. Canellopoulos is a professor of Economics and served as Minister of Commerce in the caretaker Government formed after the collapse of the military dictatorship in 1974. He was Under-Secretary of Co-ordination in 1964-65.

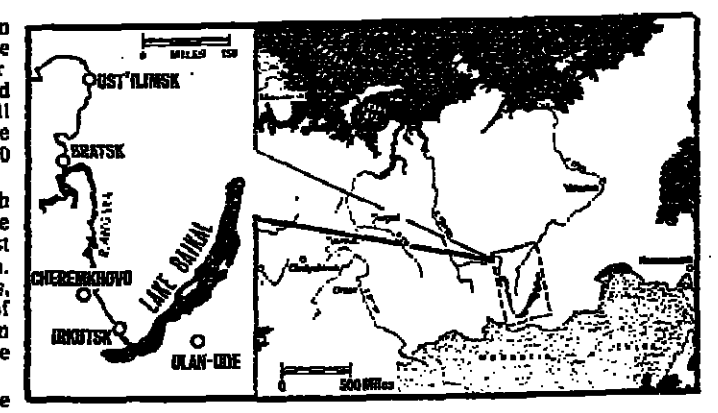
Plan to combat VAT evasion

BRUSSELS, May 10.

THE EUROPEAN Commission proposed to-day that EEC co-operation on combating tax evasion should be extended to the area of value added tax (VAT). A plan for co-operation to control evasion of direct taxes, approved by the Council of Ministers last November, provided for an exchange of information, inquiries by one country to be made for the benefit of another, and the possibility of sending tax controllers on missions abroad.

Reuter

David Satter, recently in Siberia, reports on Lake Baikal's problems



The Soviet fight against pollution

WALKING ON Lake Baikal in winter or early spring is like walking on a cracked glass floor. The ice is several feet thick and so perfectly translucent that well out from shore, one can see through to the lake bottom 50 feet below.

Framed by forested hills which slope steeply to the shore of the lake, Baikal is one of the most scenic spots in the Soviet Union. Its beauty has inspired legends, prompted the construction of hotels and rest homes, and even lured Japanese couples who have come to be married there.

Now the lake, which is the deepest and purest fresh water lake in the world, has another claim to significance as a symbol of the battle for environmental protection in the Soviet Union which, despite the lack of scope here for independent lobbying, appears in principle to have been won.

Lake Baikal reaches a depth of one mile and is unusually pure, containing less than one gramme of insoluble salt per litre. It is said by Soviet scientists to contain a fifth of the earth's fresh water and is so unspoiled that the lake bottom can be photographed from the surface at up to depths of 2,000 feet.

In the 1950s and 1960s, Lake Baikal faced—and weathered—perhaps the severest threat to its unique ecological system in the estimated 20m. years of its existence. Siberian development began to have an impact on the Baikal area as Soviet planners sought to take advantage of the timber reserves and pure water which made the area ideal for wood processing and cellulose production.

The local timber industry began floating logs into the lake in the 1930s and increased the floating significantly after the Second World War as modern cutting techniques allowed the industry to be organised on a large-scale basis.

With streams of logs floating into the lake, the debarking of trees by the water deprived the lake of oxygen at a rate of 100 cubic meters of water per square meter of bark. Many logs sank, covering up fishing grounds. Between 1958 and 1968, an estimated 1.5m. cubic meters of timber had sunk in Lake Baikal and nearby rivers.

At the same time, 50 factories, including meat packing and lumber plants sprang up along the Selenga River Lake Baikal's main tributary, and the majority of them emptied raw sewage into the river as did the industrial city of Ulan Ude.

Indiscriminate timber cutting began to spread to steep slopes around Lake Baikal leading to water and wind erosion, a flow of silt into the lake, and the loss to the Baikal basin of a significant portion of its water regulating capacity. This upset the chemical balance of the lake which began to show increased quantities of sulphates, magnesium hydroxide and nitrates in its waters.

The gradual degradation of the lake had an effect on its plant and animal population. Mr. Yuri P. Parmuzin, a laboratory chief at the Institute of Limnology at Lake Baikal, said the lake has 2,000 varieties of fauna and flora which are found nowhere else and which even a small change in the lake's chemical make-up can kill. Animals peculiar to Lake Baikal include the nerpa, the world's only freshwater seal, the omul, a salmon-like whitefish which is the lake's prize catch, and the golomyonka, a transparent fish that bears about 2,000 live young.

As industrial activity proceeded, fish stopped going into nearby rivers to put roe, the catch of Baikal Omul declined from about 10,000 tonnes to less than half that in 1957 and the nerpa population also declined.

The pollution of the lake appeared to be a continuous if rather slow process until plans were announced in the late 1950s for a major cellulose plant on the southern shore. The plan seemed to presage industrialisation of the lake basin and evoked scattered protests from prominent scientists and public figures including Prof. Pyotr Kapitsa, the physicist, and Mikhail Sholokhov, the novelist. The cellulose plant went into operation in 1966, despite the protests, however, well before its planned water treatment facilities were in order.

The operation of the Baikalsk pulp mill precipitated a confrontation between forces in the Soviet Government sympathetic to environmental protection and those anxious to push ahead with industrial development at all costs. The plant was the only industrial enterprise on the lake's shore. But between 1967 and mid-1968, it poured 383 tonnes of black slime consisting of fatty acids, methane, and organic sulphides into the lake, creating numerous islands of alkaline sewage, one of them 18 miles long and three miles wide. The Limnological Institute reported that animal and plant life near the plant had been cut by a third to a half.

As the danger to the lake became evident, scientists and conservationists increased their efforts to call attention to the problem of its continuing despoliation. The fact that earlier protests by Soviet public figures had found space in the Press was an indication of high-level sympathy for environmental protection but not a definitive sign of action.

The Baikalsk plant was a major project of the Komsomol youth organisation and because of the controversy, the Komsomol sponsored a number of meetings to consider the future of the lake, inviting scholars from Moscow State University. Finally an expedition of scientists was organised by the Ministry of Agriculture with instructions to report back to the Communist Party Central Committee. On the basis of their data, a law was passed in 1969 which is now the existing safeguard of the Baikal environment.

The law forbade the floating of wood in Baikal or the rivers around it and stipulated that submerged logs were to be removed. There was provision for a special water conservation zone of some five miles around Lake Baikal where no timber must be cut and lumbering was to be forbidden on slopes steeper than 25 degrees. The Baikalsk plant was to be reconstructed by the end of the year and new factories strictly regulated with none to be established where they could pollute the lake or its rivers.

The results of these measures have been encouraging. Fish stocks have recovered as has the seal population which now numbers 70,000. The Baikalsk plant still pumps 12,000 cubic metres of treated effluent an hour into the lake but Mr. Parmuzin said that despite its brownish colour, this liquid was clean enough to drink. In fact 50,000 people from the wooden villages around the lake take their drinking water from the lake directly.

Although conservationalist sentiment appears to have carried the day in the case of Lake Baikal, the cost was high. Forty per cent. of the cost of the Baikalsk plant was spent on effluent purification. The construction of roads through the forests to obviate the need for floating logs costs R1m. per kilometre. There is also the cost of production deferred, cancelled or relocated for environmental reasons.

The north Baikal-Angara river region, located at the western end of the Baikal-Amur railway, will become a major industrial area in the future. As development proceeds, the pressure to take fuller advantage of the area's mineral, timber and fish resources may grow. Soviet officials in 1974 told members of a scientific council charged with drafting stricter limits on the use of Baikal's water to direct its efforts to finding the level of maximum non-polluting use of the lake.

The researchers at the Limnological Institute seem confident, however, that with the anti-pollution legislation and the lake's formidable self cleaning capacity, Baikal is safe in its purity for the foreseeable future. Appropriately in light of its beauty, and optimistically from the conservationists' point of view, the Lake Baikal district has been set aside for the future as a zone of recreation and rest."

COMECON'S TROUBLES

USSR blamed for growth slowdown

BY LESLIE COLITT

BERLIN, May 10.

THE SLOWDOWN in overall Soviet production caused the growth rate in the European Communist countries in Comecon to fall half a per cent. below the 1976 figure of 5.5 per cent., according to a comprehensive analysis by the West Berlin-based German Institute of Economic Research. The Institute notes, however, that this compares with a 4 per cent. rise in the gross national products of Western industrial countries.

Romania had the highest growth rate in European Comecon of 9 per cent., and the USSR and Czechoslovakia shared the lowest rates of 4.5 per cent. All the other European Comecon countries, except Hungary, failed to achieve their target growth figures, and the average deficit for the smaller European Comecon countries was 1 per cent., while it was 0.5 per cent. for the Soviet Union.

A whole range of factors were to blame, according to the Institute, including earthquakes in Romania and Bulgaria, bad weather in Poland, price increases in intra-Comecon trade, and the continuing recession in the West. There were also endemic weaknesses, such as the insufficient quantity and inferior quality of production waste of higher-priced energy and raw materials, and errors in planning and carrying out investments.

The slowdown in growth means the overall five-year-plan targets for 1980 "will scarcely be able to be met," according to the Institute. In order to achieve the targets, European Comecon countries would have to accelerate growth by 1-3 per cent. this year. In practice, however, they only aim to duplicate last year's performance.

Productivity increases are at the heart of Comecon growth, and the Soviet Union itself says that improving efficiency is the "weakest link in the plan." Apart from Hungary, all the other European Comecon countries fell short of the productivity increases set by the five-year plan. More realistic rates have been established for the current year.

Industrial expansion in all European Comecon countries, again excepting Hungary, was faster than overall growth. Capital goods production grew the fastest, with the chemicals and building materials sectors heading the primary producers. The agricultural and food processing sectors dragged down overall production performances. Agriculture and food processing employ 8 per cent. of the total labour force in East Germany, and 19 per cent. of all labour in the Soviet Union.

In Poland, slowdowns in energy production detracted from economic growth. Industrial output expanded by an impressive 8.5 per cent., but electricity production rose by only 5 per cent. New electric power stations could not begin producing on schedule. Overall electricity production in European Comecon rose by somewhat less than 4 per cent. last year.

The Berlin Institute says that lower increases in industrial productivity this year will mean the slower expansion of industry in all European Comecon countries, except Bulgaria. This is why agriculture will play such a key role in economic performance this year.

Raising animal production is the most difficult goal to achieve for European Comecon in farming, where gross output last year ranged from minus 6.3 per cent. in Bulgaria and 3 per cent. in the Soviet Union to 10.5 per cent. in Hungary. In Poland, however, meat production sank 12 per cent. since 1975 and exports of meat dropped 50 per cent. Per capita consumption of meat products ranges from 55 kilos in the USSR to 69 kilos in Poland and 81 kilos in Czechoslovakia and East Germany.

The highest increases in personal income last year were in Hungary and Poland (7 and 7½ per cent.) compared with 2.5—3.5 per cent. in the USSR, Bulgaria, Czechoslovakia, and East Germany, the Institute says. But price increases were also highest in Hungary and Poland and were officially given as 5 per cent. in Poland.

In foreign trade, expectations that the European Comecon countries could pay for their imports of Western plant and equipment by increased exports were dashed because of the recession in the West. Poor harvests meant that Poland has had to buy $4.5bn. worth of grain in 1977-1978, while the Soviet Union is importing 13m. tonnes of grain in the same period.

The Soviet deficit in trade with Western industrial countries is said, by the Institute, to have been equal last year to its grain imports, which were worth 1.1bn transferable roubles (one transferable rouble equalled $1.36 last year).

Swedish disposable income may fall

By David White

PARIS, May 10.

SWEDISH FAMILIES face a drop in their real disposable income for the first time since the war. This is among the 1978 forecasts for Sweden, presented in the latest report of the Organisation for Economic Co-operation and Development (OECD).

Sweden's immediate future, the report says, hangs on the speed at which world trade increases. If trade fails to accelerate, the Swedish Government will find it hard to keep up full employment at the same time as repairing the deficit in its current account.

Warning that Sweden may have in the end to follow other countries and accept a smaller use of industrial capacity, the OECD depicts 1978 as a year of consolidation.

On the negative side, gross domestic product is likely to stagnate, business investment to continue its decline, and domestic demand in the private sector to drop by about 4.5 per cent. This is in contrast to the public sector, expected to act as more of a stimulus than last year. What with tax cuts, the Government's budget deficit is expected to be almost double last year's at S.Kr.33.5bn. (about £4bn.).

The current account of the balance of payments is likely to remain at last year's deficit level of S.Kr.14.75bn., the report says. But there is some good news for Swedish exports, despite a bleak outlook for shipbuilding and iron-ore mining. Improvements in productivity are likely to give Swedish products a better competitive position, helped by last August's krona devaluation.

The productivity gain, forecast at 4 to 5 per cent., should also help to boost profits, especially in export industries. The expected drop in households' real income — of about 2.5 per cent. — will occur despite a probable slowdown in inflation.

Inflation over the whole year is likely to be little changed from last year's 11.5 per cent., but the rate is expected to be on the decline after mid-year.

Sweden may be able to hold down its unemployment rate, offering new local government jobs to compensate for a drop in factory workforces and a small increase in available labour. But it warns that underlying labour conditions may deteriorate, and criticises the kind of labour market support measures which have so far been taken. These,

● Inflation in March increased for the third successive month in the major non-Communist industrial nations, according to OECD figures. It said consumer prices rose 0.8 per cent. on average in March in its 24 member states. The figure was 0.7 in February and 0.6 in January.

Wife of Russian defector to U.S. commits suicide

BY OUR OWN CORRESPONDENT

MOSCOW, May 10.

MRS. LIKINA SHEVCHENKO, wife of Mr. Arkady Shevchenko, the Soviet UN official who defected to the U.S. last month, committed suicide on Monday, according to her son, Gennady. He told correspondents by phone that "she killed herself for the sake of our family honour."

The psychological pressure on the families of Soviet defectors is enormous and Mrs. Shevchenko, 49, who returned to Moscow after her husband's defection was said to be depressed about U.S. Press reports that her husband had been working for U.S. intelligence and had been involved with another woman.

The young Mr. Shevchenko said he could give no details about his mother's death but Soviet sources said her body was found in a wardrobe at the family apartment. A medical examination showed she had taken an overdose of sleeping pills, the sources said.

Mr Gennady Shevchenko works in the Soviet Foreign Ministry. He said the family has had no contact with his father since the 47-year-old Under Secretary at the UN and former senior adviser to Mr. Andrei Gromyko, the Soviet Foreign Minister, announced through his U.S. lawyer that he was not returning the Soviet Union. "I want to talk to him," the younger Mr. Shevchenko said.

EUROPEAN NEWS

Soares defends IMF accord

By Jimmy Burns

LISBON, May 10.

IN A SPEECH on nationwide television lasting for more than an hour to-night, Prime Minister Mario Soares defended his Government's recent agreement with the International Monetary Fund and urged the country to demonstrate its confidence in the Government's economic programme.

"There is light at the end of the tunnel," Sr. Soares said, noting that although the $750m. worth of Western-backed aid, which will follow agreement with the Fund, was not the ultimate solution to the country's problems, it nevertheless allowed the Government to look forward to the future with confidence.

The opening-up of credit lines *would* prevent Portugal in the immediate future from having to resort to selling her gold reserves, which Sr. Soares described as the country's "last line of defence."

In his speech, the Prime Minister described the governmental alliance of Socialists and Christian Democrats as a government of national salvation, underlining that it had both the capacity and the will to survive until the next legislative elections, due in 1980. He implied that were this Government to fall before then, democracy in Portugal would be greatly imperilled.

Looking back over the past three months, since the new Government took office, Sr. Soares paid tribute to the moderation and capacity for dialogue shown by the Communist-dominated trade union movement. Since January, he said, Portugal had experienced a remarkable industrial peace, including a notable reduction in the number of strikes. Absenteeism in factories so far this year had fallen considerably compared to last year.

Looking to the future, he said the survival of democracy and the capacity of the country to pull out of economic crisis depended on international co-operation and on a spirit of "national solidarity," with the collaboration of all social classes.

He did not give details of the letter of intent agreed between the Government and the International Monetary Fund, saying they would be revealed by the end of next week by Sr. Vitor Constancio, the Minister of Finance and Planning.

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UNIONS FEAR EMPLOYMENT PACT MEANS REDUNDANCIES

France to spend £500m. more on jobs

BY DAVID CURRY

THE French Cabinet to-day decided to spend an additional Frs.4.33bn. (£500m.) this year on *measures to prop up employment.*

The lion's share, Frs.3.5bn., will be devoted to paying for the national employment pact, first negotiated with the employers last year to encourage the recruitment of young people, and to finance the renewal of the pact in a form to be outlined next week after consultations with both sides of industry. The remainder of the money will be devoted to improving the machinery of Government employment policy.

The new expenditure will be paid for largely by stepping up the increase in the prices of petroleum products due to come into force on June 1. Petrol, is likely to go up by 26 centimes a litre.

The tax levied on companies to finance industrial and professional training will rise from 1 per cent. to 1.1 per cent. of the wages bill.

The Government is also to issue a Frs.3bn. state loan. The terms have not yet been settled but last year's state issue linked the capital to the European unit of account.

The Cabinet also approved the release of Frs.135m. in supplementary credits to compensate victims of oil pollution resulting from the wreck of the Amoco Cadiz in March.

The measures were presented in the form of a supplementary Budget. Other supplementary Budgets are likely to follow, since the original estimate of the public spending deficit of Frs.8.9bn. will almost certainly have to be doubled. The Government has promised to accelerate the improvement in purchasing power *and benefits at the bottom* end of the wages scale. But the 4½ per cent. growth rate on which the original calculations were based, is likely to prove over-optimistic.

The main element in the employment pact was relief from a proportion of social security charges for companies taking on *young people, coupled with in*dustry's pledge to do its maximum for recruitment to enable the unemployment statistics to be stabilised during the run up to the general election.

M. Raymond Barre, the Prime Minister, promised in his economic policy statement to the National Assembly last month, that he would provide for 50 per cent. relief of social charges for small and medium companies recruiting people below the age of 26.

Industry claims that the original pact provided jobs for 550,000 people. The unions argue that this was paid for by the laying-off of older workers and that a sharp increase in redundancies can now be expected. A number of observers doubt *whether industry can comfort*ably absorb more manpower, without compromising the return to profitability, which M. Barre has said, is an urgent necessity.

The Cabinet decided to introduce early legislation to protect and increase shareholders' rights, and to improve the quality of information divulged by companies.

Morocco missiles deal

BY DAVID WHITE

PARIS, May 10.

FRANCE IS to supply Morocco with an unspecified number of Crotale anti-aircraft missiles, it was learned here to-day. The deal follows a number of other contracts for French and U.S. equipment to back up the air defences of Morocco, which is committed with Mauritania in the conflict with the Algerian-backed Polisario guerrilla movement in former Spanish Sahara.

M. Louis de Guiringaud, the French Foreign Minister, this week played down the French role in clashes last Wednesday and Thursday, when French air force Jaguars helped Mauritanian and Moroccan troops in an action against a motorised Polisario column. Contrary to other reports, the Minister said, the clash took place within Mauritania's recognised borders.

The Crotale deal was confirmed by Thomson-CSF, the French electronics company which makes the weapon in conjunction with Matra. A spokesman declined to give details.

Morocco has already received Fouga strike aircraft and Puma helicopters from France, is taking delivery of Mirage F-1 interceptor jets and has a batch of Alpha-Jet tactical support aircraft on order.

Compromise over Moro funeral

BY PAUL BETTS

ROME, May 10.

THE ITALIAN Government has agreed to the request of the family of Sig. Aldo Moro not to give the former Prime Minister a State funeral. The kidnapped Christian Democrat leader's body was found in central Rome yesterday, 55 days after he had been seized by members of the Red Brigades.

Sig. Moro's family expressed the wish last night of "closing itself in silence" and asked that silence be maintained. While the ruling Christian Democrat Party would have liked to make a hero of its murdered president, it has resorted to a compromise to meet the wishes of the family which was increasingly critical of the party's handling of the affair.

A memorial service is to be held in the Basilica of St. John in the Lateran on Saturday, after a private funeral at Turrita Tiberina, near Rome, where Sig. Moro had a week-end house. His body will be buried in his native Puglia.

Some 24 hours after the finding of his corpse, an overriding sense of grief and outrage continues to prevail. A two-hour general strike was called by the unions to-day and labour leaders addressed an emotional rally in the rain in Piazza San Giovanni in Rome.

Other rallies took place throughout the country, while a constant flow of people filed past the Christian Democrat Party headquarters in Piazza del Gesu, only yards away from the spot where Sig. Moro's body was found dumped in the back of a car.

In Parliament, the Communist President of the Chamber of Deputies, Sig. Pietro Ingrao, paid tribute to Sig. Moro. Throughout the country Christian Democrat local branches have been flying flags at half-mast.

Newspapers devoted almost all their pages to the murder, while radio and television have been transmitting reactions, interviews and comments. Sig. Moro's family requested that no national mourning take place, but it is as if they had not been heard.

A post-mortem examination of Sig. Moro's body was performed this morning. It showed that he was shot from close range by two different guns with silencers. He was standing up and was hit by 11 bullets, seven of which were found in his chest. He was not drugged at the time of his "execution," which occurred between ten and two hours before his body was discovered.

As security forces continued their searches to-day, it becomes increasingly evident that they have no substantial information about the Red Brigades. The general mood of fear that political violence is becoming uncontrollable was rekindled when terrorists struck in Milan this morning. A group calling itself the Armed Communist Popular Front shot and wounded in the legs Sig. Franco Giacomazzi, a 50-year-old official of the Montedison chemical group.

In Turin, in the course of to-day's hearing at the trial of 15 members of the Red Brigades, the movement's ideological leader, Sig. Renato Curcio, brought proceeding to a halt when he declared: "The act of revolutionary justice performed on Aldo Moro is the highest possible humanitarian gesture in this class-split society." He was immediately dragged out of court.

Bonn may increase public spending

By Adrian Dicks

BONN, May 10.

HERR HANS MATTHOEFER, the West German Minister of Finance, hinted to-day that the Bonn Government may be preparing itself for a further rise in the public spending deficit next year. Presenting a supplementary budget proposal worth DM939m. (£247m.), which the Cabinet agreed to-day, Herr Matthoefer rejected "rigid formulae" in the area of public spending, and said he felt that pump priming must depend more on the current economic situation.

Including the supplementary budget's requirement of an extra *DM708m. in borrowings, the total* new public debt in 1978 is expected to be DM31.5bn.—up by DM.10bn. from 1977. The figure drew predictably caustic criticism from Herr Franz-Josef Strauss, the Opposition finance spokesman, who said the coalition Government was once again "taking refuge in debt."

Herr Matthoefer defended the budgetary position as "not defensive, but one that offers assurances for the future." The majority of the supplementary estimate is to fund a DM314m. coking coal subsidy and a DM348m. investment programme for coal—the latter figure being the Federal Government's two-thirds contribution to a DM582m. a year programme announced last month.

In addition, DM53.8m. is to be spent on assistance to the troubled Saarland steel industry, DM100m. on the capital increase being carried out by Salzgitter, the Government-owned steel company, DM87m. on smaller research and development programmes for steel, coal and energy research, and DM25m. on emergency aid to the hard-pressed fishing industry.

In another decision to-day, the West German Cabinet approved a programme which will make it possible for work on a part-time basis to be introduced among civil servants—a measure that Bonn hopes will help reduce the number of unemployed. As many as 160,000 new jobs may be created, according to the Interior Minister, Herr Werner Maihofer. He explained that while the cost of two half-time jobs was about DM20,000 a year greater than that of one full-time job in the public service, this difference was no greater than the strain on the unemployment benefit and social welfare system of one person remaining jobless.

Kyprianou will hold talks

By Our Own Correspondent

NICOSIA, May 10.

PRESIDENT Spyros Kyprianou of Cyprus announced to-day that he will visit London next month for talks with the British Prime Minister, Mr. James Callaghan. The visit is part of a campaign to influence foreign countries, especially the big powers, "to persuade Turkey to withdraw her troops from Cyprus," as called for in the UN resolutions.

Mr. Kyprianou, who was speaking to delegates attending a Commonwealth Communications Symposium here, said Britain, both as a guarantor of Cyprus's independence and as a permanent member of the Security Council, had a very important role to play.

"Unfortunately, during the events of 1974 (the Greek army coup and the Turkish invasion) the U.K. simply watched and since then has not done what we thought it would have done . . . we are disappointed with the U.K. stand, but there is time to correct things." Mr. Kyprianou said.

Danish ports blocked

ALL SEA TRAFFIC between Denmark and Sweden, Norway and East and West Germany was halted yesterday when fisherman using 1,800 fishing vessels blocked 20 ports for eight hours, writes Hilary Barnes from Copenhagen. Prime Minister Anker Joergensen told the fishermen that the Government has suspended all consideration of measures to eleviate their problems. He said that the Government would not be forced into action by the protest and that the forces of law and order would be used against the fishermen if the blockade were repeated. Police yesterday merely registered all vessels taking part in the blockade, with a view possibly to lodging charges later. The fishermen started the blockade at 8 o'clock in the morning after the Government refused to meet demands for bigger fishing quotas in the Baltic and financial assistance.

Bitter skippers Page 39

THE EEC FARM PRICE REVIEW

Late-night tackles

BY MARGARET VAN HATTEM IN BRUSSELS

THERE WERE two big matches occupying the attention of Brussels last night: First, the European Cup final between Liverpool and Bruges, beamed from London and playing on all the television sets here. Then came the big north-south clash, the final round, it was hoped, in the annual EEC farm price review.

The nightlong farm talks have, over the years, become a part of the EEC ritual, and the fact that they took place last night was perhaps a reassuring sign that in spite of all the outward signs of intracability—also part of the ritual—things had not yet moved outside the bounds or normality.

The ministers were due to resume talks at 11 o'clock, when the Commission would table its final set of compromise proposals. There was no real reason why they should not have been resumed at a more civilised hour—say at 10 o'clock this morning. Since the negotiations had already dragged on for five months, no one could seriously claim that timing had suddenly become important.

But the price review gives the ministers the chance to step into the international stadium and play their well-rehearsed moves before the biggest audience many of them are likely to get. So they will play it for all it is worth.

The more-seasoned players, such as Herr Josef Ertl, the West German Minister, and Mr. John Silkin of the U.K., appeared confident, sure of their strategies, well able to pace themselves through the endless cups of coffee and piles of sandwiches.

Less experienced players, such as M. Pierre Mehaignerie of France and Mr. Poul Dalsager of Denmark, the Council President, appeared equally determined, but their staying power was yet to be tested.

The referee, Agriculture Commissioner Finn Olav Gundelach, had recently weathered bouts of heavy criticism and spent the past few days insisting loudly that the game would be played according to the rules, in this case a maximum average price increase of 2 per cent. But there were strong doubts as to whether he would be able to control the German and Benelux players, who were out to secure at least 3.5 per cent. for their over-productive northern constituents.

Much attention was focused on the Italian Minister, Sig. Giovanni Marcora, who had staked his reputation on winning for the Mediterranean producers a 1.9bn. unit of account package of market support and restructuring measures.

He was expected to meet heavy blocking tactics from the British and Germans, who would be trying to manoeuvre for a settlement in principle that would allow the details of the package to be set aside for settlement later. If Sig. Marcora failed to score, the whole match threatened to end in a draw, necessitating a replay later this month, or even referral to the EEC summit in Bremen on July 6-7.

The atmosphere ahead of the late match was subdued. The ministers were reported to be sleeping peacefully in their hotels, and Mr. Gundelach had retired with 20 or so officials and experts to the top floor of the council building to put the finishing touches to their proposals, laying down the ground rules.

Orders went out for extra supplies of whisky, caterers were building their sandwich-mountains, the television crews were setting up, and the security guards were in position. It would be a very long night.

OVERSEAS NEWS

Major Japanese sectors cut production capacity

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, May 10.

LARGE SCALE scrapping of production capacity in four major Japanese industries will be carried out under a law passed to-day by the upper house of the Diet. Officially known by the unwieldy title of Emergency Measures Law for Stabilising Specific Industries Hit by Structural Recession, the new measure applies to shipbuilding, electric furnace steel making (but not integrated steel making), aluminium refining and artificial fibres.

Under it, the Government will provide emergency funds to companies which agree to scrap capacity by specified percentages over the next year or so. Precise details of scrapping programmes have yet to be worked out but electric furnace steel capacity will be reduced by 16 per cent. over the next ten months. Apart from the four main industries covered by the law other sectors may be introduced after further studies by the Government. One other sector where big cuts are planned is urea fertiliser (production capacity to be reduced by 40 per cent.).

The State-owned Japan Development bank is to put up Y10bn. ($44.4m.) worth of funds to provide guarantees for loans to be made to companies participating in the schemes. Recession cartels to be formed in the industries concerned will be authorised by the fair trade commission which normally has to approve applications for such cartels on a case-by-case basis.

The recession industries law is a somewhat watered down version of a measure proposed early this year by the Ministry of International Trade and Industry which would have given the government the power to compel the scrapping of facilities in certain industries and penalise companies declining to participate. Participation in the scheme, as eventually drafted, is voluntary, and scrapping of facilities will be applied to the four industries specifically mentioned in the law. Applications for Japan Development Bank funds under the law are expected to start coming before the end of this month.

UNREST IN THE PHILIPPINES

Marcos's painful lessons

BY DAVID HOUSEGO, ASIA CORRESPONDENT, IN MANILA

FOR A DICTATOR as mindful of his public image as President Marcos of the Philippines, the last two months have been a painful experience. The campaign for the general election on April 7, the first real test of public opinion there has been in the five years since he imposed martial law, revealed a far deeper resentment against his regime than either he or his opponents had expected.

Soon after that blow, Mr. Walter Mondale the U.S. Vice-President arrived in Manila to tell Mr. Marcos politely that a great many people in the administration and in Congress believed that there had been massive rigging of the election. He added there was little chance of Congress passing additional military or aid allocations for the Philippines unless Mr. Marcos could project a less repressive style.

Neither event has shaken Mr. Marcos's firm grip on the country. But his hopes of a steady passage from martial law to a controlled but popularly elected government seem distant. He is now astride a horse more difficult to manage.

The election has left in its wake a number of problems that will continue to trouble his regime. The strong burst of support that emerged during the campaign for the the Opposition Laban (People's Power) Party in Manila—the only area which they seriously contested—reflected a genuine note of discontent. It sprang from resentment against the pace at which corruption has grown and the Marcos family and their associates have enriched themselves: dislike of the high handedness with which Mrs. Imelda Marcos, the President's wife, has used her powers as governor of Manila: hostility towards the military for the brutality that they have often demonstrated in enforcing martial law, and a certain disenchantment that after over five years in which Mr. Marcos has held supreme power and in spite of the promises of his New Society movement there has been very little change in terms of a real improvement of living standards.

Mr. Marcos's old foe, Mr. Benigno Aquino, who would probably have won the 1972 election if Mr. Marcos had not put him in prison, has been capitalising on these grievances. Trench behind bars on charges of subversion and murder, Mr. Aquino has managed to capture much sympathy by depicting himself as ill treated but not embittered. His success means that whether Mr. Marcos keeps him in prison or lets him free, he will remain a powerful challenger. At 45, he is still younger than Mr. Marcos was when he first became president 12 years ago.

The election has also left the military uneasy. The speed with which the Opposition campaign gathered momentum was a "nasty" shock to the military and to the business community with which it has strong interlocking interests. For the senior officers, who have seen the armed forces expand more than fourfold in the past five years, the lesson drawn is that further opportunities for public debate and dissent risk making martial law the focus of attack.

The military was deeply involved in the rigging that ensured Mr. Marcos a handsome victory. It is no coincidence that the first intimation that local elections—originally to have been held after the national elections—may be postponed to 1984 has come from the Secretary for Defence Juan Once Enrile.

For Mr Marcos the election neither fended off U.S. pressure nor has it guaranteed him a malleable Assembly. One of his major reasons for calling the election was the American argument that new aid appropriations could be got through Congress more easily if he could demonstrate that martial law was offset by a popularly elected legislature.

Government troops shot dead 81 Moslem rebels and wounded 85 in a bid to rescue 37 hostages taken from a captured ferryboat in the southern Philippines, the Defence Department said yesterday, Reuter reports from Manila. The hostages have still not been released. The Government's losses were 11 killed and 46 wounded in four battles on the island of Basilan, 550 miles south of Manila.

This is important because any settlement of the terms for American use of the air and naval bases in the Philippines will in practice require Congressional approval of a larger military aid budget. But though there is little doubt that Mr Marcos would have won the election anyway, the credibility of his victory has been undermined in the eyes of a Congress already suspicious of him because of violations of human rights.

On the other hand though Mr Marcos in theory has all the powers he needs to make the Assembly do his bidding, in practice a number of these elected see the interim Assembly as a step towards more accountable government. They include Secretary Paterno, the Minister for Industry, a handful of judges of known independent views and some powerful politicians from the regions. In anticipation that his measures will no longer have so smooth a ride, Mr. Marcos has been using the time since the elections to rush through a number of decrees that would in future come under legislative scrutiny.

What Mr. Marcos is hoping for now is a further breathing space in which increased outlay on development will win him popular appreciation for his substantial achievements in the last five years and for his economic programme, before risking another test of public opinion. His strength in managing what amounts to a further transition period is the appeal that his flamboyance and political skills have with Filipinos.

The opposition was divided and dispirited before the election and remains so. Apart from Mr. Aquino who has a political touch that matches that of Mr. Marcos, the more seasoned among them lack the stomach for a fight and do not see Mr. Marcos offering them another election until the distant future. They are overrawed by his skills on outmanoeuvring them, as he has done again since the election.

The one institution with the power and independence to challenge Mr. Marcos is the Catholic Church but he can put it under pressure. The Jesuits and other religious orders keep up an active battle with the regime over human rights. But though Cardinal Jaime Sin, the Archbishop of Manila, speaks of the church following a policy of "critical collaboration," he also believes the church must live with different political systems. In practice his overriding fear—and one that President Marcos plays on—is that the regime will further penalise church schools, sanction divorce, or push ahead with larger family planning programmes to bring down the high birth rate.

Negotiating such a transition period would be less difficult if Mr. Marcos did not have such a large backlog of problems with which to contend. In the southern island of Mindanao he is still involved in a major conflict—with the Moro National Liberation Front (MNLF) which is seeking autonomy for the Moslem populated provinces. The ceasefire agreed to in 1976 to pave the way for a negotiated settlement has now been abandoned in the face of what seems to be an attempt by the Philippine army to crush the movement by force.

Individually none of these problems pose any threat to President Marcos. But after an election in which his opponents for the first time tasted blood it would be foolish to think they are going to abandon the chase now.

Sadat offers to suspend Mideast peace effort

By Ihsan Hijazi

BEIRUT, May 10.

PRESIDENT Anwar Sadat of Egypt has offered to "freeze" but not altogether cancel his Middle East initiative as a compromise for ending the inter-Arab rifts which followed his visit to Israel last November.

This offer was reportedly carried to Damascus and Baghdad last week by Mr. Jaafar Numairi, Sudan's President, but was turned down by President Hafez Assad of Syria who insisted that Mr. Sadat should abandon his initiative.

President Sadat was reported to have offered to suspend the joint political and military committees Egypt formed with Israel and to confine Egyptian contacts with the Israelis to the UN. He also promised to keep the Arab states informed about such contacts.

However Iraq has indicated it was not interested in any kind of Arab summit. Radio Baghdad has started a new programme beamed to Egypt which attacks President Sadat and his initiative.

Mr. Assad in a speech at a teachers' rally in Damascus yesterday launched the strongest attack against President Sadat's initiative so far. He said Arab interests had never been in so much danger since the crusades.

President Nimairi has been on an Araba tour as head of the Arab League "solidarity committee" which is trying to arrange an Arab summit conference and work out a common Arab strategy on the Middle East problem.

President Sadat said this week after President Numairi reported back to him in Cairo that he will be ready to attend an Arab summit.

Observers noted there is a new eagerness on the part of Mr. Sadat to improve ties with the Araba states.

Meanwhile French troops of the UN peace-keeping force were to-day completing their redeployment in the Tyre area in southern Lebanon. At the same time the Palestine Liberation Organisation (PLO) has said it will take action against unruly elements who have been creating trouble for the force.

Reuter writes from Washington: President Carter is prepared to sell Israel at least 20 more F-15 jets to help win Congressional approval of his controversial Middle East aircraft package, the White House announced to-day.

A White House spokesman also said the President was prepared to "give sympathetic" consideration to any Israeli request going beyond the 20 extra planes contemplated.

He said Congress would receive a formal letter containing assurances from Saudi Arabia that the 60 F-15s Administration planned to sell it would be used strictly for defensive purposes.

Mr. Jody Powell, the White House Press Secretary said the President's action was based on a desire to avoid a bitter and protracted dispute over his plan to sell the 60 F-15s to Saudi Arabia.

The plan includes the supply of 15 F-15s and 75 F-16s to Israel, and 50 less advanced F-5Es to Egypt.

David Lennon adds from Tel Aviv: Israel tonight celebrates its 30th anniversary with a formal torch-lit ceremony in Jerusalem and dancing in the streets throughout the country.

The centrepiece of the celebrations will be a military display and fly-past in Jerusalem tomorrow morning. Today's soldiers will be joined by thousands of former underground fighters who have been invited to march in a demonstration of national unity.

More than 30,000 soldiers and police are on special guard duty to prevent terrorist attacks during the holiday.

Moslem minority flees Burma

MORE THAN 115,000 Burmese Moslems have crossed into Bangladesh from Arakan province in the last 10 days, our Dacca correspondent reports. They are described by Burma as an ethnic minority but have been living in that country for several generations.

About 6,000 people cross the border daily and Bangladesh is giving them temporary sanctuary but has protested to Rangoon and the UN.

Australian uranium talks

BY KENNETH RANDALL

CANBERRA, May 10.

MR. DOUG ANTHONY, Minister for Trade and Resources, announced to-night after eight hours of talks in Darwin that a compromise had been arranged to head off the latest crisis threatening the Government's plans for uranium mining in the Northern Territory.

The difficulty concerned management of Kakadu National Park, where most of the territory's major uranium discoveries have been made.

The park is on Aboriginal land and was to be managed co-operatively by the Aboriginal people, through the Northern Land Council, and the Government's National Parks Service. But Aboriginal representatives broke off negotiations in Darwin yesterday after Government Senators had threatened to delay passage of the legislation in support of demands for the Northern Territory's executive to have a say in the management.

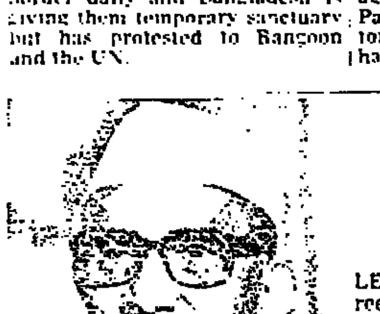
Transkei ends S. Africa pact

By Our Own Correspondent

JOHANNESBURG, May 10.

CHIEF KAISER Matanzima, the Prime Minister of Transkei announced to-day that he was cancelling his country's non-aggression pact with South Africa, following the break in diplomatic relations on April 10.

No South African military aircraft would be allowed to overfly his country, and no naval ships would be allowed into Transkei territorial waters, even in emergencies, he said.



Mr. Morarji Desai, the Indian Prime Minister (above), and Mrs. Indira Gandhi

Serious rift threatens Janata

BY K. K. SHARMA

NEW DELHI, May 10.

LEADERS OF the Janata Party, reeling under the successive blows administered to them by Mrs. Indira Gandhi's relentless onward march, to-day met to consider the deep crisis within their ranks. They discussed ways of coping with the growing disillusionment with the party which is threatened by a revolt by many Ministers in Mr. Morarji Desai's cabinet.

The Ministers include such political heavyweights as Mr. George Fernandes, Minister of Industry, Mr H. M. Patel, Minister of Finance, and Mr. Biju Patnaik, Minister of Steel. They met earlier with several of their colleagues at the residence of Mr L. K. Advani, Minister of Information and Broadcasting, to consider the impact on the Janata Party of Mrs. Gandhi's electoral victories in the key state of Uttar Pradesh and of the growing quarrels between Mr. Desai, Mr. Charan Singh, Home Minister, and Mr Jagjivan Ram, Defence Minister.

The warring three key men in the Government are thought by the junior Ministers to have been responsible for the Janata Party's troubles which threaten the unity of the relatively new national organisation, the five factions of which have failed to integrate into a single unit. Such was the feeling of the Ministers in the party that the Steel Minister, Mr. Patnaik, went to the extent of issuing a statement denouncing the manoeuvring and warning the three top men that unless they put up a united front, "the people would ask them to go. Otherwise the party will break up."

Mr. Patanaik described Mr. Desai, Mr. Charan Singh and Mr. Jagjivan Ram as the Janata "trinity" which must act as a single force since the people "want a single voice, a single face and a good Government."

The discussion in to-day's meeting of the Janata parliamentary Board, the party's high-level decision-making body, was on the crisis facing it not only because of the sharp divisions that have developed in such Janataruled states as Haryana where the rank-and-file is in open revolt against the leadership.

Mrs. Indira Gandhi's gains were recognised and senior Janata leaders admitted in private that unless they take heed of the "warning," it "may be too late to stop the former Prime Minister."

● A motion to censure Mr. Desai's administration was to-day tabled in Parliament by members of Mrs. Gandhi's Congress Party, Reuter reports from New Delhi.

The motion poses no threat to the Janata Party as it has an overwhelming Parliamentary majority.

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AMERICAN NEWS

U.S. nuclear co-operation urged with Japan, U.K.

BY DAVID BELL

WASHINGTON, May 10.

THE U.S. should co-operate with Japan and possibly Britain on a full-scale nuclear fast-breeder pilot plant or risk losing for ever the chance to develop new nuclear energy options.

This is the principal conclusion of a major report issued in Washington to-day under the auspices of the Rockefeller Foundation and written by Mr. John Gray and other employees at the Washington consulting firm of International Energy Associates Limited.

Mr. Gray conceded at a Press conference this morning that such a joint venture would mark at significant departure from the Carter Administration's current policy which is to ban much further commercial work on fast breeders, at least until the outcome of the two-year International Nuclear Fuel Cycle Evaluation, begun last autumn. A fast-breeder reactor is one that produces more nuclear fuel than it uses. Britain, France and the USSR have prototype reactors of this type of about 250MW and already generating electricity.

The U.S. has a programme to build a 680MW demonstration plant at Clinch River, but President Carter wants to kill the programme.

The new report contends that the U.S. must continue work on demonstration fast breeders "as insurance against possible future resources depletion," and says that the U.S. is already behind most European countries, particularly France and West Germany.

Mr. Gray noted that the result of this is that: "The United States is being left behind not only in the evolution of the technology but also in its ability to influence what is going on in the rest of the world." Demonstration plants of the kind proposed in the report would be on a large scale. Because they would produce plutonium for their own use they would be much less vulnerable in proliferation terms than light water reactors which may be built around the world in much larger numbers.

The report envisages a joint scheme under which the U.S. and Japanese would build three breeder demonstration plants—two in the U.S. and one in Japan. The first in the U.S. would come on-load in the early 1990s and the other two by the turn of the century. They would be of commercial size, about 1,000 MW. But the U.S. would still have the option not to go ahead with a full-scale programme.

The advantage of choosing Japan, and possibly Britain, as a partner would be that neither country is currently co-operating in the European fast breeder programme of France, West Germany and Italy. But both have long experience in the basic technology of their own. Japan has made good progress in building its 350MW Monju breeder prototype reactor and is extremely interested in the technology.

Mr. Gray said that new plants on the scale envisaged would be a natural successor to "precursor plants" like Clinch River or Monju. The Clinch River programme is still in limbo and plans are now under consideration for a larger alternative plant to the one originally proposed for Clinch River. Mr. Gray said this new plant would be a fitting prelude to a larger 1,000MW plant.

The report also calls on the U.S. to commit itself to a policy that encourages the development of proliferation resistant breeder technologies and calls for increased international co-operation in developing breeder licensing standards and procedures. At the same time much deeper consideration should be given to the need for "an international fuel cycle authority responsible for the control of fissile material."

Interest limits 'should go'

BY STEWART FLEMING

NEW YORK, May 10.

THE U.S. should eliminate regulations limiting the amount of interest that banks and savings and loans associations can pay on deposits, Mr. John Heimann, Comptroller of the Currency urged yesterday.

The Comptroller's Office is one of the three national agencies responsible for regulating banking operations. State governments also have bank regulation departments.

Addressing a group of businessmen, Mr. Heimann said the regulations penalised "the people who could least afford to be penalised."

The regulations limit to 5 per cent. the maximum interest a commercial bank can pay on a regular savings account.

A 5¼ per cent. limit is placed on savings accounts with savings and loan associations and savings banks, with the ceiling rising to 7¾ per cent. for other types of consumer deposits; which generally involve a commitment to keep the deposit in place for a year or more.

Mr. Heimann argued that wealthy people are able to get around the limitation either by investing in money market instruments such as certificates of deposit or through investment expertise.

But he said any move to lift the restrictions should be done in an orderly fashion to avoid the danger of some banks imprudently offering interest rates so high as to weaken their capital base.

Democrats reject delegate rule

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, May 10.

LEADERS of the Democratic Party to-day rejected a plan which, some had charged, would have made it more difficult for President Carter to be challenged in the party primaries and caucuses in 1980.

Members of the National Democratic Executive Committee voted tentatively in favour of some tightening of the rules by which delegates are awarded to candidates in primaries and caucuses, but considerable discretion is left to the individual states in determining their own regulations.

A small rumpus had been caused at the start of the year when a party reform commission had proposed that candidates for the Presidential nomination be required to win a much higher percentage of votes in primaries and caucuses before being entitled to delegates. Under this plan, which had been backed by some senior White House staff, a candidate would have to win 15 per cent. of the primary or caucus vote in the first month of the election season, 20 per cent. in the second and 25 per cent. in the third.

Current party rules recommend a general requirement that 15 per cent. of the vote be obtained, but leaves application up to the individual state parties. Critics of the proposal had claimed that it would be much harder for a challenger to gain delegates in the last month of the primary and caucus season when most delegates to a party convention are selected.

The White House had not pushed the reform proposals very strongly and, this morning, it was made clear that Mr. Carter had no personal interest in the debate. The White House aide who had been most involved was Mr. Mark Siegel, the former liaison man between the Administration and the Jewish community who resigned in protest against the President's Middle East policies a couple of months ago.

Public opinion polls have suggested that Mr. Carter could be vulnerable to opposition from inside the party. The latest Gallup poll gave Senator Edward Kennedy of Massachusetts a healthy lead in the esteem of party members, while it is widely assumed that, if Governor Jerry Brown of California wins re-election comfortably in November, he will entertain a presidential bid (though the same poll gave Mr. Carter a big lead over Mr. Brown).

Jamaica devalues, raises taxes

BY OUR FOREIGN STAFF

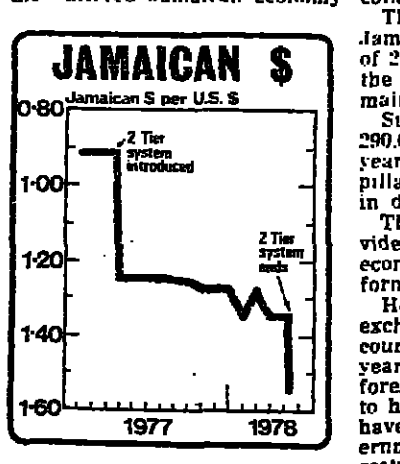
JAMAICA has devalued the Jamaican dollar and abolished the two-tier foreign exchange system introduced in April last year. The moves are part of a series of economic measures attached to a $240m. loan which the country is seeking from the International Monetary Fund (IMF).

Mr. Eric Bell, the Finance Minister, said that the new rate against the U.S. dollar will be 1.55. This is a devaluation of 12.9 per cent. on the old "special rate" of 1.35 and of 32.25 per cent. from the basic rate of 1.05.

Mr Bell told Parliament the Government would continue to move the exchange rate to maintain competitiveness and there were indications that the currency would be devalued by a further 15 per cent. in the coming year.

The devaluation—the fourth in 15 months—followed the closure of the local foreign exchange market on Monday for an indefinite period. The Finance Minister also announced J$180m. in new taxes, affecting such items as petrol, cigarettes and alcohol.

The $240m. IMF loan, which Mr. Bell said he hoped would be approved by the IMF Board within the next seven weeks, is desperately needed to shore up the battered Jamaican economy.



Prime Minister Michael Manley's People's National Party (PNP) has come under strong criticism from the opposition Jamaica Labour Party and the local business community for his Socialist policies which, it is claimed, have caused rising unemployment (now around 30 per cent.), spiralling inflation and the threat of an imminent collapse of the economy.

The economic problems of Jamaica, which has a population of 2m., have been aggravated by the performance of the island's main foreign exchange earners.

Sugar production last year was 290,000 tons, the lowest for 30 years, and tourism, another pillar of the economy, has been in decline.

The bauxite industry has provided the only bright spot in the economy and is expected to perform well in 1978.

However, the severe foreign exchange difficulties which the country has been facing (last year the Bank of Jamaica's net foreign reserves were reported to have reached minus J$200m.) have provoked the Manley Government to impose severe import restrictions.

The restrictions have angered Jamaica's partners in the Caribbean Community and Common Market (Caricom) and halted all attempts to get the island's economy moving again.

Peru austerity package aims to cut spending

By Nicholas Asheshov

LIMA, May 10.

IN AN EFFORT to cope with its fast-developing economic crisis, the Peruvian military government to-day came out with a new packet of swingeing austerity measures aimed at cutting government expenses and increasing revenue.

The publication of the measures, which have been expected for several weeks, indicated that agreement in principle between Peru and the International Monetary Fund has been reached, or should be soon on a new stand-by credit arrangement.

A deal with the IMF would allow Peru—which has in the past few weeks fallen behind on many debt payments to international banks (although no default has been openly declared)—to patch together with the banks a roll-over of debts, or an agreement by which they would prevent the Peruvian balance of payments from worsening.

Retail sales in April rose by 2%

WASHINGTON, May 10

RETAIL sales in April in the U.S. rose by 2 per cent. on a seasonally-adjusted base to $63.56bn. the Commerce Department reported.

The April rise came after a downward—revised 1.1 per cent. increase in March to an adjusted $62.34bn.

Much of the increase occurred in sales by car dealers, which rose by 6.7 per cent. to an adjusted $13.36bn., helping to increase durable goods sales by 4.9 per cent. to an adjusted $21.71bn. Durable goods sales rose by only 0.7 per cent. in March to $20.7bn.

Sales of non-durables rose by 0.5 per cent. to an adjusted $41.85bn. last month, after rising 1.3 per cent. in March to $41.64bn.

Compared to April, 1977, overall sales increased by 9.2 per cent. last month

AP-DJ

NYC labour settlement dead-line set

NEW YORK, May 10.

THE U.S. Treasury Secretary Mr. Michael Blumenthal, said to-day that New York city leaders have agreed to set a May 20 deadline for settlement of the city labour contracts and other outstanding financial matters facing the city. He warned that there was "a real risk of failure" to win Congressional approval for long-term loan guarantees for New York, unless progress were made soon in resolving labour talks and other problems facing the city.

AP-DJ

U.S. COMPANY NEWS

Philip Morris raises bid for Seven-Up: ITT heads for records: Crédit Suisse exercises CS-WW option Page 30

BRAZIL

Bishops move for change

By Sue Branford in Sao Paulo

BRAZILIAN bishops have reaffirmed their support for a progressive role to be played by the Church in preparation for a meeting later this year that will determine the position the Church takes in Latin America for the next ten years. At the beautiful convent of Itaici, near Sao Paulo, 230 bishops met during April, and many of them renewed their commitment to a revolutionary teaching that is beginning to end the traditional attitude of the Catholic Church.

The bishops produced a document in which they state the positions to be defended by 42 of their number at the third general conference of Latin American bishops to be held in Puebla in Mexico in October. This conference will be defining guidlines for church action in the next ten years.

The last conference, held in Medellin in Colombia in 1968, elaborated a new, radical doctrine, the so-called "theology of liberation." Third world under-development is seen as the result of exploitation by the industrialised countries, and the need for structural change is proclaimed.

However, the initial document for Puebla, which was drawn up by Celam, the Latin American Episcopal Council, under the guidance of Bishop Lopez Trujillo, a conservative Colombian, and Father Roger Vekemans, an equally conservative Belgian Jesuit theologian—is an attempt to abandon positions assumed in Medellin. It places clear limits on the church's political involvement, indirectly condemning any action taken by the church to change the political and socio-economic structure of a country.

In contrast, the Brazilian document is radical, although contradictory in some aspects. The Brazilian bishops hope that, as the largest delegation, they will be able to halt the conservative initiative.

The bishops' document reflects the changes of position of the Brazilian Church in recent years. Brazil is seen, after the military coup in 1964, as the first of a number of Latin American countries in which a new type of regime has been imposed by the armed forces. The document says: "The political systems of the continent have been progressively influenced by the doctrine of national security that, by giving absolute importance to the State, has diminished the security of individuals." And again: "The situation of injustice is maintained by mechanisms of institutionalised violence . . . the dynamic of this process has led to the multiplication of violations of the most elementary human rights."

Struggle

The driving force behind the new analysis was Dom Helder Camara, the "Red Archbishop" of Recife in north-east Brazil. In 1967 and 1978, he led the struggle for human rights against the domination of the State. According to Father Joseph Comblin a Belgian theologian, now working in Chile, no other bishop in the western world during this century has been so stifled by the authorities and the mass media. The mysterious murder of Father Henrique Pereira Neto, a young priest working with Dom Helder, was one episode in the campaign against him.

Gradually the struggle against the arbitrary system of repression has involved growing sectors of the Church. A turning point was the bishops' assembly last year, when a document was approved which, for the first time, took an openly hostile attitude towards the authoritarian aspects of Latin American military regimes. The church campaign against institutionalised violence (which is dubbed "structural sin" in this year's document) has been gaining impetus. Earlier this year, the human rights commission of the Archdiocese of Sao Paulo published a study in which police violence and the systematic use of torture were documented and denounced. The campaign for the amnesty of an estimated 10,000 political exiles, launched by the church, has been gaining ground among the population.

Denunciations of the country's striking social inequalities have become routine. Dom Angelico Sandalo, bishop of the poor eastern zone of Sao Paulo, commented during the May Day commemorations that "5 per cent of the population has everything, while the other 95 per cent. lives in captivity, in the most shameful conditions."

In other parts of the country, bishops and priests have regularly denounced the widespread hiring of gunmen by landowners to evict peasant farmers.

The Government is clearly uneasy with the political course of the Church. While the President, Gen. Ernesto Geisel, refuses to be drawn into an open polemic, General Joao Baptista Figueiredo, who is to succeed him next March as the fifth successive military president of Brazil, is more outspojen. He commented recently: "I believe that an exaggerated emphasis on social questions has led part of the clergy to become involved in harmful political activities. The church recently produced a document on national security. In the same way, the high command could publish a document on theology."

Dom. Paulo Evaristo Arns, Archbishop of Sao Paulo, retorted: "Perhaps it would not be a bad idea at all for the generals to study a little theology."

WORLD TRADE NEWS

French shipyards face new threat to order books

BY DAVID CURRY PARIS, May 10.

THE ORDER-STARVED French shipbuilding industry faces a sudden deterioration in its position with the news that a Swiss concern, Allfis, is likely to be forced to cancel orders for 12 small cargo vessels placed with French yards.

Allfis has been unable to raise the money to authorise work to begin on the 3,300 dwt vessels, of which eight were to have been built at the Saint-Nazaire yards of Chantiers de l'Atlantique, part of CGE's Alsthom-Atlantique group, and four at the Nantes yard of Dubigeon.

In anticipation of the Swiss decision, Chantiers de l'Atlantique has cancelled its orders with sub-contractors and is shifting its 7,000 workforce from a 42-hour to a 34-hour week from August.

Dubigeon has shed 500 people over three years. Workers are likely to be retired as they reach the age of 56 years and 8 months, the technique which has been widely used in the steel industry.

Although Chantiers de l'Atlantique still has a significant order book there is almost nothing beyond the horizon of 1980. Due for delivery in 1978 are: four 16,400 dwt container vessels for a French shipping group; a 47,600 dwt container ship for South African Marine; and a 20,200 dwt roll-on/roll-off container ship for a French customer.

In 1979 and 1980 two liquefied petroleum gas (LPG) ammonia carriers will be delivered to the Arab Maritime Petroleum Transport Company and two liquefied natural gas (LNG) carriers to the Algerian National Shipping Company as well as a 550,000 super-tanker for the French Compagnie Nationale de Navigation.

It is negotiating with a French company to build two refrigerated container vessels to carry bananas but will probably have to build them for its own account and lease the vessels for 15 years at about Frs.20m. a year each.

Dubigeon's books at its Nantes yard carry three 30,500-dwt chemical carriers for delivery over the next two years and two vehicle-carriers. The company also has on its hands the two submarines ordered by South Africa whose sale was forbidden by the French Government in response to the United Nations arms embargo.

The French Government is trying hard to work out a formula to restructure French yards and to reduce capacity, but has made little progress since its ideas do not coincide with the pattern of alliances favoured by the yards. The main collaborative venture is between Chantiers de la Ciotat and Chantiers de l'Atlantique.

French yards' order books reached their thickest in 1975 at 6.19m. gross registered tonnage (grt) but at the start of each of the next three years declined to, respectively, 4.64m. grt, 2.88m. grt, and 1.74m. grt.

After booking 2.64m. grt of new orders in 1973 the intake was more than halved the following year. It collapsed to 180,000 grt in 1975, to a mere 19,000 grt in 1976 and was even lower last year at 15,000 grt.

Over the past three years French yards with annual capacity of about 1.6m. grt have failed to book a single foreign order, a fact blamed on their relatively high prices and longer delivery times than most foreign competitors. They also suffered badly in 1977 from customers' financial difficulties. The bankruptcy of Multinational Gas hurt, in particular, the CNIM group.

French customers ordered only three ships in 1976 and four vessels the following year for a total of 19,000 and 79,000 grt respectively, and the bulk of 1977 orders were, in any case, placed overseas.

The French Government has tried to help the yards by setting up purchase financing facilities and extending aid, and clauses have been added to financial agreements signed by France with foreign countries so that part of the credits granted would be allocated for new orders placed in France.

The direct subsidy of a maximum 15 per cent. of price to yards to enable them to lower their sales prices has been resumed but the subsidy is not automatic.

French yards, however, complain that the subsidies fall short of those granted by other countries and that Norwegian and Swedish owners in particular benefit from much better financing terms.

Meanwhile, the crisis at the Marseilles yard of France's leading shiprepairer, Terrin, is no nearer resolution. The company's receiver is facing a strike by the 4,000 workers against plans to make 825 people redundant. In the face of a strong local political campaign in favour of the yard it is thought that a formula of early retirement and retraining may be preferred.

Iran's oil exports fall again

By Andrew Whitley

TEHRAN, May 10.

IRAN'S OIL exports have declined for the third month running to the lowest level of the year. Figures to-day from the National Iranian Oil Company (NIOC), say exports of crude and refined oil in the month to April 20 averaged 4.8m. barrels a day.

NIOC changed this month from the Gregorian to the Persian calendar for statistics, so exact comparisons are difficult. But latest figures represent nearly a 4 per cent. decline from March.

Offtake by the 14-member Western oil consortium led by BP declined by more than 8 per cent. to their lowest level of the year. The figures, coming shortly after the break-up of talks between NIOC and the consortium on a new long-term agreement, will increase pressure on NIOC for an early settlement.

Continuing uncertainty over Iran's oil earnings appears to be holding up the final drafting of its ambitious sixth five-year plan. Current expenditure targets may also have to be curbed, as total exports this year are also running well below budgeted levels.

● Financial sources in Jeddah predict a sharp fall in Saudi Arabia's investment abroad this year now that the country's oil exorts are running at more than 30 per cent. below 1977's average, Our Foreign Staff writes. Last month's exports were 6.2m. barrels a day compared with an average of 9m. barrels a day in 1977. One effect has been to reduce the surplus of oil in the world markets.

PROTECTIONISM

U.S. warns developing countries

BY JUREK MARTIN WASHINGTON, May 10.

THE United States has warned the leading developing nations that it will retaliate if they continue to apply protectionist trade policies.

The message was given specifically to Brazil by Mr. C. Fred Bergsten, the Treasury assistant secretary, in a speech in New York to the Brazilian-American Chamber of Commerce. But it was made clear that Brazil was representative of a group of countries, including Mexico, South Korea, Saudi Arabia and Iran.

The thrust of Mr. Bergsten's argument was that nations like these five, whose economies have expanded rapidly over the last generation, may find themselves in an analogous position to that of Japan today.

He specifically compared protection afforded to domestic Brazilian industries and the subsidies granted to Brazilian exporters with similar advantages available to Japan: the U.S. has of course in recent months been pressing Japan hard—with some success—"to liberalise its trading practices."

The existence of such practices, Mr. Bergsten said, "can jeopardise the openness of the entire trading system." He went on: "It is not too soon to ask whether Brazilian policies might have somewhat similar effects (to Japan) in the future."

He noted that some current Brazilian trading practices run directly foul of the U.S. countervailing duties laws. The Treasury's authority to waive imposition of countervailing duties expires in January next year with the result that additional levies would have to be exacted on a variety of Brazilian products unless Brazil ceased subsidising its exporters.

Trade barriers 'may lead to world war'

By Dai Hayward

WELLINGTON, May 10.

AMERICAN VICE-PRESIDENT Walter Mondale was warned by New Federal Prime Minister Robert Muldoon that agricultural protectionism applied by most of the great industrial nations might lead to a future world war.

Mr. Muldoon made his attack on what he called "the pernicious agricultural protectionism" at a state luncheon in Wellington to-day.

Marcos hits again at industrialised nations

By Our Own Correspondent

MANILA, May 10.

PHILIPPINES President Ferdinand E. Marcos criticised protectionism in developed countries anew to-day as he called on them to help accelerate the economic development of poor nations through more investments and by transferring some of their industrial facilities to the Third World.

S. Korea plea to Australia

BY KENNETH RANDALL CANBERRA, May 10.

SOUTH KOREA is pressing Australia strongly for action to redress the trade imbalance between them. The Korean Minister of Commerce and Industry, Mr. Gak Kyu Choi, expressed his Government's concern over the situation at the joint trade ministers' meeting in Canberra this week.

The Korean delegation was critical of both obstacles to their exports and Australia's failure to buy more goods in the categories which are free of restrictions. Mr. Choi also protested at the loss of "developing country" tariff preference for a number of Korean exports to Australia, and the possibility that such preference might also be withdrawn from certain iron and steel products.

Mr. Choi acknowledged that Australia had been a reliable supplier of a wide range of raw materials, especially iron ore and coking coal, and expected demand would continue to rise. There would also be new demand for materials such as steaming coal, bauxite and alumina, nickel and uranium.

But this would only make the trade balance problem worse. The Koreans "requested strongly" that the Australian Government should take appropriate measures "that could lead to increases" in Korean exports to Australia. One suggestion was the purchase by major Australian raw materials companies of Korean ships, mining equipment and rolling stock.

On the general question of protectionism, the Australian team, led by Mr. Doug Anthony, the Minister for Trade and Resources, repeated their argument that present measures were temporary and essential to avoid market disruption.

● South Korea's trade deficit widened to $465m. in the first four months of this year, up 26 per cent. from a $364m. deficit a year earlier, AP-DJ reports from Seoul. Exports for the January-April period totalled $3.637bn. fob, up 28 per cent. from a year earlier. While imports amounted to $4.102bn. cif, also up 28 per cent.

EEC steel curb this week

By David Buchan

STRASBOURG, May 10.

AN AGREEMENT restraining Australian steel exports to the EEC in 1978 will be signed this week, Viscount Etienne Davignon, the EEC Industry Commissioner, told the European Parliament last night.

He said EEC steel companies collectively lost £1.62bn. last year. The cumulative loss emphasised the urgency for restructuring the industry in accordance with the "general objectives for steel for 1985," which the Commission hopes to publish in July.

The export curb follows long negotiations, made more difficult by the public row between Brussels and Canberra over general trade.

He said the Commission would not raise minimum guideline prices for steel products on the internal market unless the market could absorb the increases.

Brussels still hopes to raise the guideline prices by a further 10 per cent. this year. A first increase of 5 per cent. was made in January.

Japan wins Polish order for roller bearing plant

BY CHARLES SMITH TOKYO, May 10.

JAPAN'S largest bearings manufacturer, Koyo Seiko, has secured a Y12.5bn. (about £28m.) order from Poland for a roller bearing plant, in the face of competition from one other Japanese and three European companies.

The order, the second to be secured by Japan from Poland for a bearings plant, is being taken as evidence that the Japanese industry is still highly competitive in export markets, despite the revaluation of the yen.

The plant, to be located in Poznan, will have an annual capacity of 12m. sets and will come into production in October, 1981. It will be one of, if not the largest plant of its kind, according to Koyo.

The company said that SKF (Sweden), INA (West Germany) and Nadella (France) competed strongly for the order. The Japanese bidder was NSK, the company which operates a ball bearing factory near Durham and which secured Japan's last major bearings order from Poland at the end of 1975.

The Koyo plant will be financed through supplier's credit with payments spread over eight years and an interest rate of 7.5 per cent. The order substantially increases Poland's indebtedness to Japan for this type of trade financing. The NSK plant (or rather plants since the earlier order covered two separate installations) cost the Poles Y19bn.

India lists banned areas

BY K. K. SHARMA NEW DELHI, May 10.

THE INDIAN Government, offering guidance to foreign companies wishing to invest in the country, has finalised a comprehensive list of industries in which foreign collaboration will not "normally" be permitted. The list will apply to new investors and does not affect existing foreign collaboration.

The decision to list "banned" areas was taken after the withdrawal of International Business Machines (IBM) and Coca Cola from India after their refusal to comply with requirements on "Indianisation" of ownership under the Foreign Exchange Regulation Act (FERA).

The list has been formulated by the Ministry of Industry in consultation with the Department of Economic Affairs and the Directorate-General of Technical Development. The hope is that all uncertainty about government policy on foreign investment and foreign collaboration will now end.

A team of American businessmen headed by Mr. Orville Freeman suggested such a list on a visit to New Delhi last winter.

The Ministry of Industry is preparing to delegate powers to administrative ministries concerned so that the latter can clear proposals for foreign collaboration subject to guidelines being drawn up. But any proposal requiring equity participation by foreign companies will still have to be examined by the high-powered Foreign Investment Board. No proposals to amend or modify FERA requirements is intended.

The "banned" areas come under the following broad heads: metallurgical industries; electrical equipment; electronic components and equipment; scientific instruments; transportation; industrial machinery; machine tools; agricultural machinery; mechanical and engineering industries; commercial office and household equipment; medical and surgical appliances; industrial instruments; mathematical and drawing instruments; fertilisers; chemicals; dyestuffs; drugs and pharmaceuticals; paper and pulp, including paper products; fermentation industries; food processing industries; vegetable oils and cooking fat; soap, cosmetics and toilet preparations; rubber industries; leather and leather goods; glue and gelatine; ceramics; cement and gypsum products; timber products; non-scheduled items (such as clocks and pencils) and agricultural industry.

Malaysia seeks investors

The Malaysian Government, concerned about the shortfall in private investment over the past three years, is sending an important mission to Europe next week, Wong Sulong writes from Kuala Lumpur.

To emphasise its importance, the mission will be led by the Deputy Prime Minister and Minister of Trade and Industry, Dr. Mahathir Mohamed, who is also chairman of the Cabinet Committee on Investments.

The team will arrive in London on Monday and go to Birmingham, where Dr. Mahathir will open a two-day investment seminar on Wednesday. It will continue to Frankfurt on May 21, Paris on May 24, and Copenhagen on May 28.

$133m. Saudi plan

Ebel Bau of Göttingen, West Germany, has won a $133m. contract to build an officer-training academy for Saudi Arabia's National Guard, James Buchan writes from Jeddah. The 30-month contract involves a practically self-supporting community on the outskirts of Riyadh with a generating plant, water and sewage system

£21m. Libya project

The Ulster-based concrete and structural engineering company McNeill has won a £21m. housing contract for the Libyan Government owne odGeneral Building Company, Benghazi, Alan Watson writes. McNeill will build 700 houses using precast concrete components.

The Export Credits Guarantee Department has provided insurance for the project and support for the requisite performance bond and advance payment guarantee.

Singapore loan request

Singapore Airlines is to ask the United States Export-Import bank for as much as $360m. towards its record $900m. purchase of 19 jet aircraft from Boeing, AP-DJ reports from New York. The company expects to be able to pay for the order.

Algeria deal

Algeria's national oil and gas concern Sonatrach and the US Flour Corporation have concluded a $336m. agreement for the development of Algeria's Alrar gas field.

China truck order

Isuzu Motors, Japan's third ranking truck maker, said it has received a Y3bn. order from China for 1,500 trucks and a Y1.4bn. order from the Republic of Tanzania for 500 trucks.

Scotch in U.S.

Tax payments on Scotch whisky in the U.S., the biggest of the world markets for Scotch, jumped by 19 per cent. in the first quarter of this year compared with the same period of 1977.

HOME NEWS

Bridgend orders worth £18m. go to U.K.

By Kenneth Gooding and Robin Reeves

FORD said last night that it already had ordered machinery worth £18m. from U.K. manufacturers for its new engine plant at Bridgend, Glamorgan.

The sum compares with contracts valued at £20m. placed with U.S. companies and others totalling £10m. which have gone to West Germany.

The company gave the details in the face of growing concern about its purchasing policy for the £250m. Bridgend plant.

Mr. Rhion Jones, prospective Labour candidate for Merioneth, called yesterday for the National Enterprise Board to investigate the apparent failure of British machine tool companies to win orders for the Ford project, and to suggest what could be done to ensure similar opportunities were not lost in the future.

He said: "The whole of Wales has rejoiced over the Ford expansion. But we don't want to see Welsh factories merely as outer shells crammed with foreign machinery, especially given the very generous financial assistance for company expansion in development areas."

The U.K. taxpayer might well be indirectly subsidising American or German machine tool companies which were in competition with the British industry—now partly controlled by the board.

Mr. Jones said that he was not criticising Ford or asking for a reduction in the Welsh Development Agency's financial aid for the scheme.

So far the two major contracts placed for the Bridgend plant have gone to American companies. Joseph Lamb is to supply a £9.75m. cylinder-head line and Ingersol a £7.25m. cylinder-block line.

Ford said that the equipment it needed could not be obtained in Britain. "If we can obtain the machinery we need in Britain we will buy it here."

"As time goes on, there is no doubt that the value of orders placed with British companies will overtake these for American machinery," Ford said.

UN may compromise on multinationals

BY ARNOLD KRANSDORFF AND MICHAEL LAFFERTY

A COMPROMISE solution, possibly establishment of an inter-governmental group, is the likely outcome of next week's meeting of the United Nations Commission on Transnational Corporations, which will consider adopting wide-ranging financial and social disclosure guidelines for multinational companies.

The solution was indicated yesterday by Mr. N. T. Wang, who heads the Information Analysis Division of the UN Centre on Transnational Corporations.

He was in London for informal discussions with Government officials before going to Vienna, where representatives of the 48 countries on the Commission hold their fourth session from May 15 to May 26.

A report by experts on international standards of accounting and reporting is a main item there.

If the experts' proposals are endorsed the UN may recommend that member-Governments act to enforce the disclosures on multinationals. This now seems premature, with multinationals opposing the UN proposals and calling for more time to consider what they maintain is a highly complex matter.

Consensus need

Mr. Wang said that the UN Commission did not expect that "every country would like everything" in the experts' report. But the group had done enough good work to ensure that most Governments would not want to bury it.

While the so-called developing countries were probably ready to endorse the new disclosures, the same was not the case with the industrialised nations, he said.

As the Commission could work only through consensus, it was necessary to avoid polarisation of views as far as possible. Consequently, a possible way forward might be establishment of an inter-governmental group.

The "general thrust" of the UN disclosures would be accepted by most multinationals "fairly soon." "If only they could overcome the psychological aspect of this they would realise that an ability to report compliance with UN disclosure standards could be very advantageous."

Urgent sea peril talks

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

AN URGENT review of the Admiralty's hydrographic survey resources is to be undertaken because of fears that out-of-date charts on British coastal waters could present hidden dangers to shipping.

This is the latest move in a controversy which began in 1975. A Government-sponsored study group then reported that £30m. was needed to supplement the Navy's surveying activities for a programme of high priority hydrographic investigations.

Mr. John Archer, the Under-Secretary in charge of the Department of Trade's marine division, told the Trade and Industry sub-committee of the Commons Expenditure Committee yesterday that it had now become clear the naval surveying force was seriously over-stretched and was not providing the level of service required by merchant shipping.

The first of a series of meetings of officials from Government departments involved will take place to-day to re-assess priorities and inform Ministers of the costs of remedying the position.

Mr. Archer confirmed that the situation has improved little since 1975. Only about 30 per cent. of Britain's main shipping lanes have been surveyed to modern standards.

This means that most charts are based on either no survey or lead-line soundings of Victorian times. Since then there may have been movements in sandy sea-beds, apart from the risks created by the wrecks of two world wars.

Commander John Paton, the Government's hydrographic adviser, told the committee that the main areas of concern were the east coast at the approach to estuaries, and areas of the west coast, where it was feared that undetected pinnacles of rock could exist.

Closer monitoring of ship movements in the Channel will be discussed between Britain and France to-morrow at a meeting called to consider the Amoco Cadiz incident. Mr. Archer said that cover may also be improved in the Anglesey and Milford Haven oil-loading areas of Wales.

The Government is to publish a White Paper on Monday which will propose increasing the maximum fine for contraventions of shipping rules from £100 to £1,000.

The Liberian Government inquiry into the grounding of the Amoco Cadiz off Brittany in March will start in London on Tuesday.

Paul Taylor writes: An attempt will probably be made to-day to tow the wrecked forward-section of the Greek tanker Eleni V away from beaches in East Anglia which have been polluted with oil over the past four days.

Last night divers using welding gear were expected to fix a second shackle and line to the tanker wreck. It is then hoped to tow the wreck initially to a nearby buoy and then complete with the 2,000 to 3,000 tons of heavy fuel oil still believed to be in three bow-section tanks, round Scotland and into the Atlantic, where it will be sunk.

Although Trade Department officials said that little further oil escaped yesterday, oil continued to reach a 40-mile stretch of coastline from Winterton in the north to Aldeburgh in the south.

Higher bank charges on way

BY MICHAEL BLANDEN

CUSTOMERS OF some of the big banks may face increased charges as early as July in consequence of last month's report on the banks by the Price Commission.

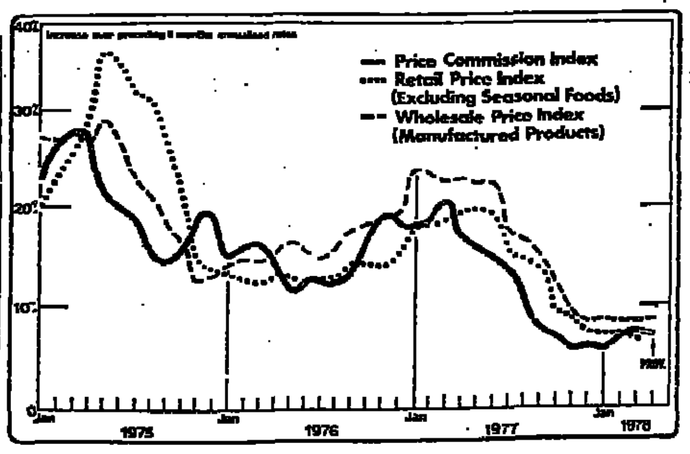
The banks are saying very little about their plans to change tariffs for customers. It is thought that at least one may have reached a decision on increased charges but the others may wait until the end of the year before making any changes.

Time is running short if the banks want to bring in new rates on July 1. Increased tariffs have to be pre-notified to the Price Commission, which requires a 28-day waiting period before the banks can go ahead. To give fair notice to customers, therefore, the banks will have to move soon.

Lloyds look

The Price Commission report effectively opened the way for the banks to seek higher charges by accepting that their present rates were not excessive. Only one bank, Lloyds, responded at the time by indicating that it would be looking at the scope for justifiable increases.

The Commission's report has started a debate within the banks about the appropriate method of changing their personal current-account tariffs. One move the report suggested was the payment of interest on current accounts.



Healey's inflation forecast 'on target'

BY DAVID FREUD

THE UNDERLYING rate of inflation remains on target to meet the Chancellor's Budget forecast, according to the Price Commission.

The commission's index of price rises notified to it in the six months to April fell slightly from the previous month's level.

The index reflects rises that will be felt in the shops in about three months—July—so that the Chancellor's prediction of the annual rate of retail price inflation falling to about 7 per cent. this summer seems assured.

The commission index for the six months to April showed a rise of 3.6 per cent., equivalent to an annual rate of 7.3 per cent. The annual figure for March was 7.5 per cent. A year ago the figure stood at 17.4 per cent.

The index is based on price rises notified to the commission by Britain's larger companies. The rises cannot be made until 28 days after notification and in practice the time lag is greater.

In April, there were 250 notifications, compared with 400 in March. The total value of the increases notified fell from £370m. in the earlier month to £300m.

The commission's index is not directly comparable to the official retail price index, which includes fresh foods, the effect of tax changes and most price reductions. There are also differences in the composition of the goods and services.

However, the commission's index has proved a reliable indicator in the past of the slowing down or speeding up of price changes.

The increase in raw material costs since March, caused mainly by the fall in the pound, is likely to be reflected in the commission index from July-August onwards.

Borrowing need same as last year

BY MICHAEL BLANDEN

THE GOVERNMENT'S borrowing requirement has started the new fiscal year at a level much in line with the figures recorded a year ago.

The central government borrowing requirement in April is estimated at £445m., close to the £448m. recorded in the same month last year. The total central government borrowing requirement for the whole of the current financial year was forecast in the Budget at £7.9bn. compared with the out-turn of £4.4bn. in the past year.

Spending

This new figure may help calm some of the fears aroused in the City by the indications of a sharp rise in money supply during April given by Tuesday's banking figures.

However, it remains clear that there was a sharp increase in the borrowing requirement in March, to a revised figure of £1.27bn., probably reflecting end-year spending by departments.

Part of this total will have affected the banking figures for the past month, which were made up to mid-April, and helped push up the money stock in a period when the authorities were selling little gilt-edged stock to fund the borrowing requirement.

Savonita claims—inquiry reorganised

BY JOHN MOORE

LLOYD'S has reorganised its internal committee of inquiry looking into the Savonita claims dispute between two of its brokers. This came after a request by one of the brokers involved—Pearson Webb Springbett—that an independent examiner should be appointed to the four-man inquiry team.

Mr. Clifford Clark, chairman of the London court of arbitration, takes over as chairman of the inquiry team from Mr. Frank Barber, of the Lloyd's syndicate Morgan Fentiman and Barber.

Mr. Barber's syndicate underwrites the defamation insurance business of Willis Faber, the other broker involved in the dispute.

Mr. Barber remains on the committee with Mr. Ivor Binney, a director of C. T. Bowring, brokers; Mr. Peter Miller, of Thomas R. Miller, another broker; and Mr. Charles Skey, of the Edwards and Payne underwriting agency, part of the Bland Payne group.

The inquiry board, which is looking into and reporting to the committee of Lloyd's on all the circumstances concerning the handling of the Savonita claim as they affect the firm, is hoping to have the report completed at the end of July when a statement will be made.

Mr. Clark's appointment to the team is a move to formalise the structure of the internal inquiry after Pearson Webb reserved its legal rights to pursue a possible libel action against Willis Faber after the inquiry. The appointment also has been made to remove possible ground for allegations of conflict of interests against the team.

The inquiry was set up after allegations had been made in the Commons by Mr. Jonathen Aitken, MP, on the settlement of claims on 301 Fiat cars, which had been reinsured on the London market.

Pearson Webb, which was handling the claim for fire and damage to the cars on board the ship Savonita, decided not to press the claim after a loss adjuster's report and legal advice. A fraud squad inquiry is in progress on the claims.

Pearson then was dismissed by Fiat and replaced by Willis Faber, a larger firm of Lloyd's brokers which Mr. Aitken alleged, began pressing the underwriters to settle.

The London insurance community eventually agreed to pay $500,000. Lloyd's proportion of that settlement was $183,571.

HOME NEWS

Government may be ready to support Wheal Jane rescue

BY PAUL CHEESERIGHT

THE lingering hopes of keeping open the Wheal Jane tin mine in Cornwall now centre on the possibility of a takeover by Saint Piran, the London group, which has a majority holding in another Cornish tin mine, South Crofty, and national property and building interests.

Saint Piran has been having talks with both Consolidated Gold Fields, the owners of Wheal Jane, and with the Government. Mr. Gerald Pengilly, the South Crofty managing director, had discussions at the Department of Industry on Tuesday. Company geologists have visited Wheal Jane.

The idea is that Saint Piran would take control of both Wheal Jane and its neighbour, the Mount Wellington mine, owned by Cornwall Tin and Mining, but operate only at Wheal Jane. Government assistance would be forthcoming in the event of firm indications that a mine would turn out a viable economic proposition.

The managements of Mount Wellington and Wheal Jane said separately last month that their mines were to close.

The Department of Industry has been exploring for the last fortnight at least the possibility of bringing the Mount Wellington and Wheal Jane mines together in a single operation. But the respective managements have not changed their positions—that the quantity and quality of tin available are not adequate to make a profitable mine.

Mr. Alan Blair, chairman of Cornwall Tin said yesterday from Geneva, that as, in his view, a truly economic mining operation was not possible it was essentially a matter of the Government deciding to keep a mine open for social rather than commercial reasons.

This appraisal, from which Gold Fields would not dissent, led to a breakdown in the talks between the two companies for some form of joint venture.

Pressure on the Government to pull together a rescue package has continued unabated, however. Yesterday Mr. John Pardoe, Liberal MP for Cornwall North, and Mr. David Penhaligon, Liberal MP for Truro, in whose constituency many of the Wheal Jane workers live, saw Mr. Alan Williams, Minister of State for Industry.

Afterwards, Mr. Penhaligon said merely that he felt there was now a 50-50 chance of Wheal Jane staying open and that the Government had indicated its willingness to help financially.

This willingness is likely to be influenced by geological assessments of the tin potential at Wheal Jane. The Gold Fields conviction that supplies are insufficient to make profits at existing prices is not universally accepted. Should the Government accept that Wheal Jane is potentially profitable, it will be rejecting the Gold Fields reasoning.

If Saint Piran does take over the mine there will have to be substantial capital outlays, to probe and prove the existence of ore reserves away from the existing working parts of the mine, while accepting only limited revenue.

Ford captures 30.9% of U.K. car market

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

FORD U.K. captured the top three spots in the British car market last month, with the Fiesta pushing into third place behind the Cortina and the Escort.

With sales of 9,667 units, the Fiesta had its best month since the car was introduced in February last year.

Ford's performance pushed it to the top of the British market once again, with a market share of 30.9 per cent., ahead of British Leyland on 16.7 per cent.

About one-third of Ford's sales—8.8 per cent.—was accounted for by cars imported from its Continental plants.

With total registrations at 136,038, the month was the best April since 1973 and 21 per cent. ahead of last year.

For the first four months sales, at 604,998 units, are 26.5 per cent. up on the same period of last year, and are running at an annualised rate of about 1.8m.

Registrations of Japanese cars continued to rise last month in spite of the new agreement between the U.K. and Japanese Government to limit shipments to last year's level. They were 40 per cent. up last month and have increased by 86 per cent. to 69,696 units over the first four months of the year.

The Department of Trade said yesterday that it would be watching the Japanese sales closely over the next two months as the limitations of shipments, which take six weeks at sea, begin to bite.

"We are naturally concerned about these figures. We expressed our deep concern about them to the Japanese early in May. We reminded them that we were expecting a sharp decline in both shipments and penetration soon.

"The Ministry of International Trade and Industry repeated its assurance that it intended to fulfil its undertaking to reduce both shipments to the U.K. and the penetration of the U.K. market."

U.K. CAR REGISTRATIONS

	April				4 months ended April			
	1978	%	1977	%	1978	%	1977	%
Ford*	42,016	30.88	35,484	31.58	165,744	27.40	129,218	27.03
British Leyland*	22,656	16.65	22,007	19.59	144,857	23.94	117,997	24.68
Vauxhall*	14,143	10.39	9,907	8.82	48,057	7.94	45,812	9.58
Chrysler*	8,162	6.00	7,095	6.31	39,859	6.59	27,722	5.80
Total British	69,519	51.09	61,297	54.56	323,606	53.49	270,035	54.48
Datsun	8,741	6.42	6,508	5.79	42,077	6.95	25,127	5.26
Renault	8,199	6.02	4,622	4.11	26,950	4.45	21,113	4.42
Volkswagen	5,424	3.99	5,023	4.47	20,683	3.42	17,450	3.65
Fiat	4,069	2.99	5,109	4.55	25,222	4.17	23,326	4.88
Total imports†	66,564	48.91	51,060	45.44	281,392	46.51	208,033	43.52
Grand total	136,083	100.00	112,357	100.00	604,998	100.00	478,068	100.00

* Figures include cars from companies' Continental associates which are not included in the total British figure.
† Figure includes imports from all sources, including cars from Continental associates of British companies.

Pilots' pay dispute threat to Channel hovercraft service

BY LYNTON McLAIN, INDUSTRIAL STAFF

BRITISH RAIL hovercraft may be forced to operate only a quarter of its passenger-carrying capacity over the English Channel this summer.

After last year's loss of £599,000, the potential loss of more revenue-earning capacity as the peak summer season aproaches is causing concern on the British Rail Board

Seaspeed pilots are refusing to operate the new, 410 passenger, 55 car SRN4 craft, the Princess Anne. British Rail had hoped to introduce the craft between June 1 and July 4, flying from Dover to Boulogne and Calais.

The pilots are in dispute over pay, claiming to have fallen 23 to 30 per cent. behind the captains of British Rail Sealink ferries.

This is in spite of agreement after arbitration in a similar dispute over two years ago that hovercraft captains should get 97½ per cent. of the pay of a ferry captain.

Pilots have threatened to step-up their action. All 18 pilots have refused to attend the one-month conversion course for operations on the new super N4 craft. The trials and certification, to be finished by June 1, have been done by management pilots.

The operational pilots have refused to take the dispute to arbitration.

A second problem concerns the French Sedam N500 craft. This has been at the centre of formal talks between Britain and France after accusations in a French newspaper that Britain was deliberately sabotaging attempts to introduce the craft.

This has been denied by British Rail a partner, with French Railways in Seaspeed.

But there have been problems with the N500 and it is now nine weeks late entering service. This has left Seaspeed with only one hovercraft, the Princess Margaret, able to take 250 passengers and 28 cars.

There have been disruptions to the training programme and French pilots are thought to be less than confident in flying the big craft into the Eastern Docks at Dover.

Steering on land is thought to present difficulties for pilots with insufficient flying hours The craft relies on underwater rudders and movements of the flexible rubber skirt for parking.

The bow of the craft was damaged a month ago when it hit 10 feet high waves. It has been repaired and the craft will enter service on July 5, the day after the new purpose-built west terminal opens at Dover.

Giro base rate increased 1½%

THE NATIONAL Giro base rate was increased with effect from yesterday from 7½ per cent. to 9 per cent. as a result of the raising of the minimum lending rate last week by 1½ per cent

The interest paid on deposit accounts rises from 5 per cent. to 7 per cent. There is a bonus of ¼ per cent. a year on the minimum balance in accounts over a six-month period.

Nuclear waste storage in rock 'feasible'

By David Fishlock, Science Editor

THERE ARE no big worries threatening to invalidate the idea of storing highly radio-active nuclear waste underground in hard rock, says Britain's "watchdog" agency for radiation.

Its study pinpoints the need, though, for several years' more scientific research before uncertainties are resolved in three key areas of geologic storage.

The £20,000 study, by the National Radiological Protection Board, was funded by the EEC as part of a European investigation of nuclear waste disposal.

One area of uncertainty is said to be the need for more information on geological activity—from earthquakes to the heat and radiation effects of the waste itself—which could affect a subterranean waste repository.

Another is the integrity of the waste—presumed to be stored as solid ingots—and whether, for example, deep ground waters might attack the glass ingots at the temperatures and pressures prevailing.

The third area of uncertainty is surveillance of all the various pathways by which radio-activity might leak into the environment. The Board finds that more data is needed to make detailed mathematical models of proposed sites.

Mrs. Marion Hill and Mr. Paul Grimwood based their study on a hypothetical waste repository containing all the highly-radioactive waste from Britain's nuclear activities up to the year 2000. This is put at 2,000 ingots of vitrified waste, in containers about 3 metres high and 0.5 metre diameter, contained within a cube of rock of about 250 metres per side.

They suggest that as an added precaution against leakage should, say, ground water penetrate the repository, it might be lined with a material designed to absorb and retain particularly dangerous nuclides.

The researchers say that their assumptions at this stage were broad and conservative, though less so than in a study published by the Board a year ago examining the feasibility of disposing of highly radio-active wastes on the seabed.

A third study, in hand, examines the possibility of storing wastes beneath the seabed.

Preliminary assessment of the radiological protection aspects of disposal of high-level waste in geologic formations, by M. D. Hill and P. D. Grimwood. NRPB—R69, Stationery Office, price £2.

Food industry complaint

MR. DERRICK HORNBY, president of the Food Manufacturers' Federation, yesterday blamed low profitability in the industry on Government intervention.

He told the Federation's annual meeting in London that a big improvement in profitability was now the industry's first aim, and called for the abolition of price controls.

Co-operation with the Government to devise an industrial strategy could be threatened by more State intervention.

Mr. Edward Bishop, Minister of State at the Department of Agriculture and Fisheries, said in reply that food manufacturers had to expect closer scrutiny than other industries because of public sensitivity to food prices.

Senior Bank officials did routine work, court told

WORKLOADS in the Exchange Control department of the Bank of England were so heavy two years ago that some of the routine work had to be done by senior officials, the jury in the dollar premium case at the Old Bailey were told yesterday.

Mr. John Martin Wales, 42, a suspended Bank official, who is accused of conspiring with five other people to obtain investment currency rebates dishonestly between 1975-76, explained that it was this pressure of work which led him to become engaged with a file over an applicant named Keith James Guardien who is alleged by the Crown to be a fictitious person.

"I was trying to help my staff in dealing with a backlog of work and so I involved myself in cases which in more relaxed times would have been dealt with by junior members of the staff," he said.

Mr. Wales, and the other defendants all deny plotting to obtain money dishonestly from authorised dealers in investment currency.

The trial which is expected to last another two weeks continues to-day.

Peugeot brings 305 model to Britain

PEUGEOT IS to launch its new 305 model in Britain this month, priced at between £2,998 and £3,598.

The car, introduced in France in November, will compete in the medium-range saloon market for vehicles of about 14 feet length. It is driven through the front wheels by a transverse-mounted, die-cast aluminium engine, rated at either 1,290 cc or 1,472 cc.

The 304 saloon will cease to be imported, but the 304 estate range will continue.

U.S. air talks continue

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MR. ERIC VARLEY, Secretary for Industry, yesterday continued his talks with U.S. aerospace industry leaders on future collaborative programmes when he met Mr. Sanford McDonnell, president of McDonnell Douglas Corporation, in London.

Mr. Varley met Mr. E. H. Boullioun, president of Boeing's Commercial Airplane Company, on Tuesday.

As with the Boeing meeting, neither the Department of Industry nor the company disclosed the content of their discussions, but it is widely known that Mr. Varley wanted more details of the various programmes now envisaged by McDonnell Douglas that might be of interest to the U.K.

These include the possible development of an Advanced Technology Medium Range transport (the ATMR), and the bigger 200-seat DC-X-200.

The McDonnell Douglas plans for the 1980s could be of even greater interest to the U.K., however, since they are believed to include military collaboration—for example, on the future versions of the Harrier jump-jet for the U.S. Navy and Marine Corps, and on new missile programmes.

The U.K. is already closely involved with McDonnell Douglas on the AV-8B Harrier for the Marines, and is sharing in some missile work, for example, on the Harpoon submarine-launched anti-ship missile.

Job centres success

HIGH STREET Job centres are attracting 21 per cent. more vacancies notifications from employers than their traditional counterparts the employment exchanges, according to a study published by the Manpower Services Commission.

The cost for each job placed by the jobcentre for the six months ending last September, at 1976 prices was £30.50, according to the Commission. At employment exchanges that had been restructured as jobcentres the figure per job was £32.50, and it was "considerably higher" for the remaining employment exchanges says Mr. Alan Brown, chief executive.

COMPANY NOTICES

ALLIED IRISH BANKS LIMITED

Notice is hereby given that the Transfer Books of the Company will be closed from 6th to 9th June, 1978, both dates inclusive, for the purpose of preparing warrants for the Final Dividend in respect of the year ended 31st March, 1978.

By Order of the Board,
D. B. Motyer, *Secretary*

3/4 Foster Place,
Dublin 2
11th May, 1978

SOFINA

Societe Anonyme (Limited Company)
Registered Office, 38, Rue de Naples, Ixelles-Bruxelles.
Register of Commerce of Brussels No. 270194

Dividend in respect of the Financial Year 1977, fixed at Francs 215 net of "precompte mobilier" (advance levy on moveable property) will be payable as from 9th May 1978 against presentation of coupon number 36.

Payment will be made in London:
Banque Belge Limited,
16 St Helen's Place,
London, EC3A 6BT.
Midland Bank Limited,
International Division,
60 Gracechurch Street,
London EC3P 3BN

LOAN OF US$30,000,000
S.N.C.F. 6½% 67-85

US$1,335,000 of the US$2,000,000 issue due for redemption on 15th June 1978 has been repurchased in the Market. The remaining US$665,000 was drawn by lot on 28th April 1978 in the presence of a Notary.

BOND NUMBERS DRAWN
2913/3225 3227 3237/8 3244/52 3260/1-3265/9 3276/7 3308/21 3327/50 3366 3372/5 3379 3382/3 3399/408 3414/17 3422 3453/72 3474/8 3499/500 3514/5 3519 3523/4 3528 3537 3545 3583/602 3631/3 3921/2 3931/2 3938/42 3945/6 3958 3967/70 3972/3 3994/8 4001/2 4016/7 4023 4075/6 4104/6 4108/12 4151/2 4164 4175/96 4203/14 4217/8 4223/1 4227/9 4241 4245/54 4264/90 4337/45 4347/9 4351/6 4401 4429/33 4436/46 4456/65 4486/7 4500 4528/39 4555/6 4560/90

Amount outstanding after 15th June 1978: US$14,000,000. The bonds which have been drawn will cease to bear interest on 15th June 1978. Bonds presented for repayment must be complete with coupons for 15th June 1979 and following attached and will be paid in accordance with the conditions shown on the bonds.

The Paying Agent.
BANQUE DE PARIS ET DES PAYS-BAS
Pour Le Grand-Duche de Luxembourg.

NOTICE OF REDEMPTION

EUROPEAN COAL AND STEEL COMMUNITY (ECSC) FRENCH FRANCS 125,000,000 10% BONDS DUE JUNE 15, 1982

The Commission of the European Communities informs herewith the bearers of bonds that a selection by lot for redemption of a principal amount of FF.5,000,000 has been made in the presence of a Notary Public on April 28, 1978 at the BANQUE DE PARIS ET DES PAYS-BAS POUR LE GRAND-DUCHE DE LUXEMBOURG S.A.—LUXEMBOURG.

Numbers of Bonds selected by lot: 19854-20853 enclosed

Principal amount unamortised after June 15, 1978: FF115,000,000.

From June 15, 1978 the bonds selected by lot will no longer bear interest. The bonds presented for reimbursement should be accompanied by coupons of 15 June 1979 and following and will be payable in accordance with the terms and conditions shown on the bonds.

THE FISCAL AGENT
BANQUE DE PARIS ET DES PAYS-BAS POUR LE GRAND-DUCHE DE LUXEMBOURG

NOTICE OF REDEMPTION
European Coal and Steel Community (E.C.S.C.)
US$ 15,000,000—5¾% 20 Year Bonds of 1966 due 15th June, 1986

The Commission of the European Communities informs herewith the bearers of bonds that a selection by lot for redemption of a principal amount of US$ 500,000 has been made in the presence of a Notary Public on 5th May at the Banque Internationale a Luxembourg S.A., Luxembourg.

Numbers of bonds selected by lot are as follows:—

13904 to 13970 : 13975 to 14079
14081 to 14085 : 14090 to 14102
14109 to 14270 : 14275 to 14296
14301 to 14423 : 14426 to 14428

Principal amount unamortized after 15th June 1978: US$ 8,000,000

From 15th June 1978 the bonds selected by lot will no longer bear interest. The bonds presented for reimbursement should be accompanied by coupons of 15th June 1979 and following and will be payable in accordance with the terms and conditions shown on the bonds.

TO THE SHAREHOLDERS OF GRANGES AKTIEBOLAG

The Annual General Meeting of the Company will be held at the Company's Head Office at Gustav Adolfs Torg 18, Stockholm, on 1st June, 1978 at 4.00 p.m.

AGENDA

In addition to matters prescribed by the Swedish Companies Act and by the Company's Articles of Association there will be presented for consideration by the Meeting:—

(i) the Annual Report and the Auditors' Report for the Company;
(ii) the Consolidated Accounts and the Auditors' Report for the Group;
(iii) a resolution in respect of the adoption of the Profit and Loss Statement and the Balance Sheet as well as the Consolidated Profit and Loss Statement and the Consolidated Balance Sheet;
(iv) a resolution in respect of the appropriation of the Company's Profit or Loss according to the adopted Balance Sheet and discharge of the Directors' and the Managing Director from liability;
(v) the election of Board Members and Deputy Board Members;
(vi) the election of Auditors and Deputy Auditors; and
(vii) a proposal to amend the Articles of Association to reflect the present activities of the Company.

ATTENDANCE AT THE MEETING

In order to be present at the Meeting a shareholder must inform the Secretary of the Board of Directors (either in writing or by telephone) of his intention to be so not later than 4.00 p.m. on 29th May 1978. Furthermore a shareholder who wishes to vote at the Meeting must be registered in the Shareholders' Register kept by the Securities Register Centre ("Vaerdepappercentralen VPC AB") not later than 22nd May 1978.

A shareholder whose shares are registered in a nominee name such as that of a bank trustee or securities department or a private stockbroker ("foervaltningsregistrerade") must ensure that his own name is entered in the Shareholders' Register in order to be entitled to vote at the General Meeting.

Further information may be obtained from the Company's London Agent:—
S. G. WARBURG & CO. LTD.,
Coupon Department,
St Albans House,
Goldsmith Street,
London EC2P 2DL

THE BOARD OF DIRECTORS.
Stockholm
11th May 1978.

BRITISH-BORNEO PETROLEUM SYNDICATE LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS of the above Company will be closed from 3rd to 16th June 1978, both days inclusive.

By Order of the Board,
RUSSELL LIMEBEER,
Secretaries.

Registered Office:
2, Broad Street Place,
London EC2M 7EP.
10th May, 1978.

ART GALLERIES

BLOND FINE ART, 33, Sackville St., W.1. 01-437 1230. MAXWELL BLOND Paintings and Watercolours. Until 3 June. Mon.-Fri. 10-6. Sats. 10.1.

BROWSE AND DARBY, 19 Cork St., W.1. SICKERT. Mon.-Fri. 10.00-5.30. Sat. 10.00-12.30. Last week.

COLNAGHI, 14, Old Bond Street, W.1. BRITISH AND FRENCH PRINTS 19th and 20th Century and L. S. LOWRY DRAWINGS. 10th-30th May. Wkdys. 9.30-6. Sats. 10.1. Tel. 01-491 7408.

FIELDBOURNE GALLERIES, 63, Queensgrove, N.W.8. ART IN RELIGION.

FOX GALLERIES. Exhibition of the paintings by British and European Artists from 1700-1965. 5-6 Cork Street, London, W.1. Tel. 01-734 2626. Weekdays 10-6. Sats. 10.1.

OMELL GALLERIES. Fine British and French MODERN PAINTINGS and Modern British MARITIME PICTURES 40, Albemarle Street, Piccadilly W.1.

PORTRAIT PAINTERS. Royal Society's 84th Annual Exhibition at The Mall Galleries, The Mall, S.W.1. Mon.-Sat. 10-5. Until 18 May. Adm. 50p.

WILDENSTEIN. A Loan Exhibition of TWENTY MASTERPIECES FROM THE NATALE LABIA COLLECTION. Weekdays 10-5.30; Saturdays 10-12.30. Until 25th May. Admission 30p in aid of the City of Birmingham Appeal Fund. 147 New Bond Street, W.1.

EDUCATIONAL

BRITISH INSTITUTE OF FLORENCE

New intensive course in the Italian Language. 20 hours a week from May 30 to June 23.

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FLORENCE 50125
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LEGAL NOTICES

CILESTA INVESTMENTS LIMITED
NOTICE OF MEETING OF CREDITORS

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act 1948, that a meeting of the Creditors of the above named Company will be held at 11/13 Holborn Viaduct, London EC1P 1EL on Friday, 2nd June 1978 at 12 noon for the purposes mentioned in Section 293, 294 and 295 of the said Act.

A LEW, Director.

Dated 2nd May 1978

LAUREL PORCH
NOTICE OF MEETING OF CREDITORS

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act 1948 that a meeting of the Creditors of the above-named Company will be held at 11/13 Holborn Viaduct, London EC1P 1EL on Friday, 2nd June 1978 at 12.30 p.m. for the purposes mentioned in Section 293, 294 and 295 of the said Act.

A. LEW, Director

Dated 2nd May 1978.

No. 001422 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SOUTHWARK WELDING COMPANY LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 4th day of May 1978, presented to the said Court by I. S. & G. STEEL STOCKHOLDERS LIMITED whose registered office is situate at 10 Haymarket, London, S.W.1, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 12th day of June 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

KINGSFORD DORMAN & CO.,
14 Old Square,
Lincoln's Inn,
London, W.C.2
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 9th day of June 1978.

MOTOR CARS

1978 RANGE ROVER. White. Power Steering. Delivery Mileage Only. £9,420. Tel: Pewsey (06726) 2545.

PUBLIC NOTICES

LEICESTER CITY COUNCIL
£1.9m. 91-day bills, issued 10/5/78, due 9/8/78 at 8¼% P.A. Applications totalled £10.5m. Outstanding £1.9m.

SUFFOLK COUNTY COUNCIL
£3.0m. 91-days bills, issued 9/5/78 due 8/8/78 at 8¼%. Applications totalled £34.5m. Outstanding £6m.

HOME NEWS

Rising fuel supplies give industry hope of price stability

BY RAY DAFTER, ENERGY CORRESPONDENT

INDUSTRY and commerce, which spend an estimated £6bn. each year on their energy needs, can expect a respite from big increases in fuel prices for at least the next 12 months, according to a report published to-day.

Cambridge Information and Research Services report that the prospects for more stable energy pricing are better now than at any time since the 1973 fuel crisis. There was also evidence that the initiative on contract pricing was moving away from the fuel companies and back to the business consumer.

The report, Energy for Industry and Commerce, 1978, points to three reasons for the expected pricing stability: the surplus of oil production arising from continuing world recession and new supplies from areas like Alaska and the North Sea; Britain's improving energy position arising from new oil and gas production; and dampened U.K. energy demand caused by sluggish economic growth and conservation measures.

The most likely threat to this period of fuel supply security and stable prices came from within the U.K. "The elimination of our balance of payments problems and the rising North Sea revenues could spur inflation, stimulating fuel price rises and increasing labour disruptions.

"In this context the Government's handling during the next few months of the mounting inflationary wage claims would appear to be crucial."

The report looks in detail at the pricing prospects for the main energy providers:

OIL—It was expected that product prices would remain at the present level except in certain cases where companies might be buying very small quantities or where competition in a particular sector of the products market was stronger than average.

The general result would be a reduction in oil product prices in real terms.

GAS—Renewals of contrasts had led to some big price increases. Now this process of renewals was coming to an end there should be greater pricing stability.

COAL—With less than 10m. tons of coal a year now supplied to general industrial users, prices would need to be reduced if the coal industry was to win back markets from other energy suppliers. This seemed unlikely.

ELECTRICITY—The rate of price increases was expected to slow down. Even so, electricity costs would rise in line with inflation or, perhaps, at one or two percentage points below the inflation rate.

Energy for Industry and Commerce, 1978; Cambridge Information and Research Services in association with the School of Fuel Management; 8, Market Passage, Cambridge CB2 3PF; £12.50.

Mortgage cuts hit house builders

By Michael Cassell, Building Correspondent

THE Government-imposed cut in building society lending is having a marked impact on mortgage availability, according to the house building industry.

The latest state of trade survey by the House-Builders Federation among 250 member companies reports a sharp deterioration in the volume of mortgage funds during April.

According to the house builders, the trend of gradually improving mortgage availability and processing has now swung "suddenly and substantially" in the opposite direction.

Demand for private housing, however, is now more buoyant than at any time in the last few years.

At the time of the last Federation inquiry in January no builders reported a worsening picture for mortgage finance, but by the end of last month nearly half said the situation had deteriorated.

More than two-thirds of the companies involved complained that delays between applications for loans and funds becoming available were lengthening.

The average period, according to some builders, is now 12 weeks.

Title change boosts engineering's status

BY DAVID FISHLOCK, SCIENCE EDITOR

THE IMPORTANCE of engineering in the activities of the Department of Industry has been underlined by a change in the title of one of its top officials.

Dr. Duncan Davies, a deputy secretary and chief scientist in charge of its £25m. a year research programme, becomes chief scientist and engineer, responsible for the science and technology group.

The change is in line with the Government's growing awareness of the decline in public status of engineering in Britain.

But the new title "does no more than reflect reality," in that research management is only one of four main activities of his group, said Dr. Davies yesterday.

The other three activities are to help shape industrial policy, to maintain an awareness of the technological activity of the U.K.'s main overseas competitors, and to support the department as a major purchaser of technology investing about £1bn. a year in the Government's industrial strategy.

In regard to policymaking, the science and technology group had set up its own "think-tank," said Dr. Davies.

It had also set up a committee of directors of its research establishments, to make greater use of them in shaping industrial policy, but also to obtain "feedback" from Whitehall for their research programmes.

Dr. Davies stressed that his research establishments would be moving much deeper into engineering problems.

Brickmakers 'could halve fuel bill'

By Michael Cassell

THE BRICK INDUSTRY could eventually halve its energy consumption—saving the equivalent of over 600,000 tonnes of coal a year—according to a joint report from the Department of Energy and the Department of Industry.

The report says the industry could save energy by recovering some of the energy in exhaust gases from kilns and by adding carbonaceous wastes to clays and shales to reduce the fuel required in firing bricks.

The report also suggests that producers could increase the level of perforation in bricks, so reducing the mass which has to be fired, and by increasing insulation levels at brickworks. It says all of these measures are being exploited at some works.

Energy Audit 2—the building brick industry. Free from Department of Energy Library, Thames House South, Millbank, London SW1P 4QJ.

CONTRACTS

Esso signs £50m. rail deal

BRITISH RAIL and Esso have signed a 10-year contract worth up to £50m. in freight charges for the transport of 22m. tonnes of refined products.

★

WILLETT (part of Trafalgar House Group) has been awarded a contract worth over £1.3m. by the London Borough of Sutton for building 144 homes at Marshalls Road, Sutton.

Contracts totalling about £500,000 have been won by N. G. BAILEY AND CO., Bradford. The largest, at about £250,000, is for electrical and cabling installations at Ballylumford power station, Northern Ireland.

★

FERRANTI ENGINEERING has an order worth over £250,000 from the South Western Electricity Board for transformers to be installed at the St. Paul's substation, Bristol.

★

Orders received for the new JOHN CARR range of timber windows include two totalling over £250,000. The largest is for 395 houses at Broadfield, Crawley, being built by Marshall Andrew and Co., and is worth £174,000.

GPs call for specialist treatment on pay claim

BY DAVID CHURCHILL

DR. MICHAEL WILKS leaves his Chiswick home just after eight o'clock every morning, drives the short distance to his central London practice, and does not expect to return home until at least 12 hours later.

In the meantime, he will probably have to deal with about 80 patients from all walks of life and take decisions which, while not always a matter of life and death, will be of utmost importance to the person concerned.

In addition, he will have to deal with some of the ever-increasing amount of paperwork arguably necessary to keep a bureaucracy the size of the National Health Service functioning.

In return, Dr. Wilks, aged 28, will expect to earn between £8,000 and £9,000 net this year—about the average for a general practitioner. But according to the independent Review Body report published yesterday, he and his colleagues in the medical profession need almost 30 per cent. more just to restore their standard of living to that of three years ago.

Not surprisingly, the Government has remained unmoved by this and has offered only a 10 per cent rise in earnings, with a commitment to meeting the Review Body's recommendation over the next two years.

The medical profession is likely to respond to the Government's decision to cut doctors' real income by almost 20 per cent. with its traditional dire warnings about wholesale resignations from the Health Service or industrial action from some militant sections of the profession.

Less certain, however, is how far the public is prepared to concede that the doctors are a special case. Sympathy for the "hardworked general practitioner" seems to have evaporated over the last few years.

Not only has the militancy of junior hospital doctors tarnished the image, but the continual complaints by doctors about their incomes has not been appreciated by a public whose living standards have also been eroded.

Criticisms

Public support has not been improved by the widespread difficulty nowadays actually to see your doctor, since most now operate an appointments system which, in effect, requires advance notification of illness. It is no wonder that apocryphal stories circulate of doctors playing golf while student doctors and commercial deputising services try to cover for them.

Dr. Wilks, aware of people's criticisms of doctors, has ensured that his recently instigated appointments system is flexible. Patients are still seen without an appointment although they may have to wait.

He was forced to bring in an appointments system because of the sheer number of patients on his register—3,100 compared with the average of about 2,000 for most general practitioners. Before the appointment system was introduced, there was no control over the numbers which might turn up for the twice-daily surgeries. Now, each patient has an allotted five minutes of the doctor's time.

Dr. Wilks arrives at his surgery at about 8.30 each morning. His basement surgery—for which he pays £250 a month in interest charges although this is refunded by the Department of Health—is bright and attractive.

Before morning surgery starts at nine o'clock, he opens his mail and plans his schedule for the day. Over the next two hours he will see about 25 patients and deal with several more on the telephone.

His appointment system allows him to allocate extra time for particular patients. After his regular surgery hours he will fit in special cases, such as a medical examination for an insurance company policy.

Between about 11.30 and 12.30 he corresponds or talks on the telephone to consultants, social workers, and others about particular patients. Then he leaves the surgery to visit on average five or six patients who are too ill to attend the surgery. If he has time he grabs a quick snack in a local pub.

After lunch, the clinical side of the work gives way to the paperwork. This is the time when the innumerable forms for each patient—especially the complicated system to reclaim certain expenses from the Department of Health and Social Security—are filled in.

Called out

Dr. Wilks, in addition, has to fit in time for various committees of which he is a member, including the powerful General Medical Services Committee responsible for negotiations with the Department. And, as he runs his practice single-handed, he has to carry out such tasks as calculating the tax and national insurance on his receptionist's wages.

In the middle of the afternoon—unless he is called out in an emergency—he carries out a few more house calls. Then he sees some patients needing longer consultations before starting his evening surgery, from 4.30 to 6.30. At a typical evening surgery recently, he saw 37 patients and spoke to six on the telephone.

Afterwards there are usually a few more home visits to be made before Dr. Wilks can go home to his wife and child. Even then he is liable to be called out in an emergency in the middle of the night, though it does not happen often.

While there is probably no such thing as an "average" general practitioner, Dr. Wilks is more unusual in that he works by himself. Elsewhere the trend is to replace single-handed general practitioners by group practices or health care centres. But the latter especially are rare in London because of their cost.

Although he works almost exclusively for the Health Service, he is still self-employed—a freedom he considers an important part of being a general practitioner. In return for contracting to work for the service, however, he receives a basic allowance of £2,595, plus another £515 for agreeing to be on call at night.

The rest of his income is geared mainly to the number of patients on his lists. This so-called capitation fee ranges from £2.45 to £4 a year depending on the age of the patient.

On average, this fee means he receives about 31p for each patient seen. Other work, such as family planning or dealing with temporary residents, is paid for at varying rates.

Dr. Wilks does not do much private practice—although he could do a considerable amount in his area—but he does carry out some duties for the local police.

The DHSS also refunds rent and rates (in Dr. Wilks' case his loan interest) and pays about 70 per cent. of receptionists' wages.

Out of his total income Dr. Wilks has to pay the remaining 30 per cent. for his receptionist's wages; £50 a month capital repayment on his loan for premises; all other running costs for the surgery, including medical supplies, heating and lighting; and any other costs, such as petrol.

This year, for the first time he expects to receive about £13,000 in income. But after deducting his outgoings it will leave him with between £8,000 and £9,000 a year.

As the British Medical Association says: "It is surely not unreasonable for them to want their pre-tax incomes to be brought back in line with the earnings of people who in 1975 earned comparable incomes."

"Would you like a second opinion on how overworked and underpaid I am?"

NOTICE OF REDEMPTION

To the Holders of

GOULD INTERNATIONAL, INC.

9¾% Guaranteed Notes Due 1983
Issued under Indenture dated as of June 15, 1975

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the above-mentioned Indenture, $625,000 principal amount of the above described Notes has been selected by lot for redemption on June 15, 1978 at the principal amount thereof together with accrued interest to said date, as follows:

NOTES OF $1,000 EACH

M 360 …	[illegible]

On June 15, 1978 the Notes designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Notes will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York 10015, or (b) at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt/Main, London or Paris or the main office of Banca Vonwiller & C. S.p.A. in Milan, or the main office of Bank Mees & Hope NV in Amsterdam, or the main office of Banque Internationale à Luxembourg S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a dollar account, or by transfer to a dollar account maintained by the payee, with a New York City bank.

Coupons due June 15, 1978 should be detached from the Notes and collected in the usual manner. On and after June 15, 1978 interest shall cease to accrue on the Notes herein designated for payment.

GOULD INTERNATIONAL, INC.
By MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Trustee

Dated: May 11, 1978

NOTICE

The following Notes previously called for redemption have not been presented for payment:

M 306 …	[illegible]

Notice of Redemption

Dow Corning Overseas Capital Company N.V.

8½ PER CENT. GUARANTEED DEBENTURES DUE 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of June 15, 1971 under which the above described Debentures were issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has drawn for redemption on June 15, 1978 through the operation of the Mandatory Redemption Provision of the said Indenture, $1,000,000 principal amount of Debentures of the said issue, bearing the following distinctive numbers:

COUPON DEBENTURES OF $1,000 PRINCIPAL AMOUNT

M 16 …	[illegible]

The Debentures specified above are to be redeemed for the said Mandatory Redemption at the WCG-Corporate Bond Services Department of Citibank, N.A., 111 Wall Street—2nd Floor, New York, New York 10043, and the main offices of Citibank, N.A. in Amsterdam, Frankfurt/Main, London, Milan, Paris, Citibank (Belgium) S.A., Brussels, or Banque Internationale à Luxembourg, Luxembourg, as the Company's paying agents, and will become due and payable on June 15, 1978 at the redemption price of 100 per cent. of the principal amount thereof. On and after such date, interest on the said Debentures will cease to accrue.

The said Debentures should be presented and surrendered at the offices set forth in the preceding paragraph on the said date with all interest coupons maturing subsequent to the redemption date. If such coupons are not attached payment will be made only upon the delivery to the Paying Agent of funds in the amount of the unmatured missing coupons. The coupons due June 15, 1978 should be presented for payment in the usual manner.

For DOW CORNING OVERSEAS CAPITAL COMPANY N.V.
By CITIBANK, N.A.,
Trustee.

May 11, 1978

Why be a slave to television when ITT makes television a slave to you?

Are you eligible to adopt a child?

What's the best French restaurant in N.W.1?

How much should your mortgage repayments be?

What are the current Stock Exchange quotes?

You are driving from London to King's Lynn. What is the quickest route?

What's the form for the 3 o'clock at Ascot?

In July this year a revolution in television begins. The Post Office commence trials for a system that will make television the ultimate source of information for the viewing millions.

It's called Viewdata.

Viewdata is a potentially limitless bank of information that the viewer can tap through the simple combination of his telephone and his television.

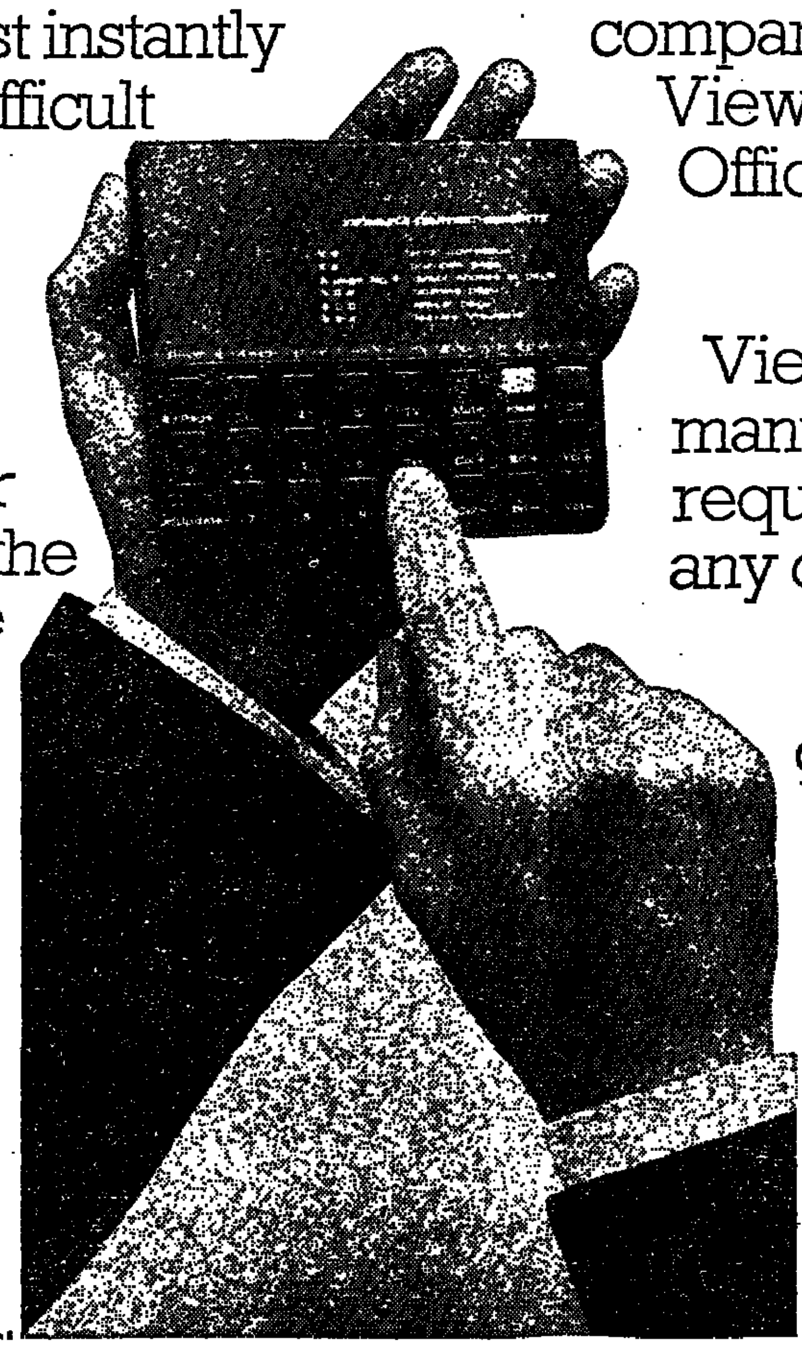
A vast amount of information can be stored in a central memory. On this page you see just a handful of questions that Viewdata will be able to answer for you. A drop in the ocean compared to Viewdata's potential.

The information can be obtained through your own telephone line, linked to your TV and appears almost instantly on your screen. There is no difficult computer language to learn. A simple step by step guide appears on your screen.

Viewdata trials will continue to the end of this year in selected cities. After which the system will be made available to the business community and the general viewing public.

Viewdata is the first system of its kind anywhere in the world.

Needless to say, a great deal of technical know-how and experience was involved.



ITT is a leader amongst the important companies who are committed to Viewdata, working with the Post Office to ensure its success.

ITT set up the first European Viewdata link and are currently manufacturing sets to Post Office requirements. More sets than any other company.

To find out more about the greatest advance in television since the introduction of a second channel, write to: Viewdata Group, ITT Consumer Products, Chester Hall Lane, Basildon, Essex. Tel: 0268 3040. And see how Viewdata and ITT can make TV work for you.

Viewdata.

ITT

World-wide Technology

LABOUR NEWS

Building industry may face strike

BY CHRISTIAN TYLER, LABOUR EDITOR

THE BUILDING INDUSTRY may be hit by strike action following rejection yesterday of a pay offer of just under 10 per cent. by lay representatives of the second largest union.

Shop stewards of the Transport and General Workers' Union overwhelmingly rejected a deal accepted by their officials and recommended to them as the best obtainable.

The union's regional committees will draw up plans for industrial action. Whether this becomes an official national campaign appears to depend on whether the TGWU executive receives demands for backing.

Although the TGWU has far fewer members involved in the agreement than the Union of Construction, Allied Trades and Technicians, which has accepted the offer, it is unlikely that any agreement for the industry can be signed without the Transport Workers.

The National Federation of Building Trades Employers said last night that it could go no further without breaching the Government's guidelines. A spokesman said this had been confirmed by the Department of Employment.

Part of the reason for the TGWU national committee's revolt after a long and intense debate was that there was insufficient consolidation of supplements into basic rates, and that the guaranteed minimum bonus was still too low.

This suggests that there may still be scope for reworking the deal, within the guidelines. But TGWU officials were still assessing the position last night.

The present national agreement, which covers about 750,000 workers, expires at the end of June. Employers hope that the recession and severe unemployment will temper the decision reached yesterday.

More participation for steel workers suggested

BY PAULINE CLARK, LABOUR STAFF

PROPOSALS for radically strengthening workers' participation in the steel industry are contained in a confidential working party report to be discussed by BSC management and the industry's union leaders.

The recommendations of the ten-member management and union working group fall short, however, of meeting the BSC's desire for a unified pay negotiating structure in the industry.

The report, recently circulated, as a "steel contract" plan to members of the TUC steel industries committee and BSC management recommends a top to bottom joint employee and management consultation structure in the Corporation.

This would supplement and back up a proposed new board of 21 members, of whom roughly a third would be workers' representatives if unions accept the offer of six seats made recently by Mr. Eric Varley, Industry Secretary.

Central to the report is a proposal to create a formal joint management and union forum at all levels of the industry for consultation and for negotiation in all areas except pay.

At the top of the tree would be a national steel joint conference of Corporation representatives and union members at both national and area level. Because its job would be advisory rather than decision making, the balance of seats allotted to both sides is unlikely to be controversial.

A national joint executive committee would be composed, apart from the BSC element, of probably the entire membership of the 17 member TUC Steel Industries Committee.

The next tier involves creating divisional joint committees—a structure which the unions feel is particularly vital because it represents the key to closing the consultation gap between existing works councils and the board.

A series of departmental joint committees is also proposed to maintain close contact with shop floors at local level throughout the industry.

Unions admit that the structure can only offer workers a real measure of control if it is coupled with an extension of worker participation at Board level. To this end the working party agreed on representation of one third employee representatives on the Board although apparently there was concession from the management element to unions' eventual aspirations for 50 per cent. representation.

The TUC Steel Industries Committee has put the report on its agenda for discussion at its next meeting a week to-day but joint discussions are unlikely to start until June or July. If this goes smoothly it is felt in some quarters that the new structure could be set up by the end of the year.

The report arises from a joint decision last October to set up a working party to look at the kind of participation needed to cope with the urgent problems of revitalising the loss-making industry.

While some union leaders see the report as a major step towards their aims for the industry, others regard it as too much of a compromise.

One criticism is that conflict between the unions in the industry will become more exposed and more troublesome than in the past. It is well known that there are often differences of opinion on the TUC Steel Industries Committee, but at least a semblance of unity can be maintained under the TUC umbrella.

Matthews ready to fight union over Express closed shop

BY MAX WILKINSON

THE CHAIRMAN of Express Newspapers said yesterday that he was prepared for battle if necessary over a closed-shop agreement between his company and the National Union of Journalists.

The Daily Express chapel (union branch) has signed a closed-shop agreement with the management under which all newly employed journalists would be forced to join the NUJ.

But yesterday Mr. Victor Matthews said he was completely opposed to the principle of such an agreement. If he wanted to employ a journalist who was not a member of the NUJ and who did not wish to become a member he would go ahead, in spite of the agreement, and face the consequences.

Mr. Matthews was speaking at a meeting of the Institute of Journalists, a rival of the NUJ, which has been excluded by the closed-shop agreement. He added: "I am prepared to take on an institute member and respect his right to remain a member of the institute."

However, the agreement signed by the Express management last September says in clause 9(i): "The management requires all journalists joining the staff to be members of the NUJ and to remain in good standing thereafter."

In return, the chapel has agreed to recommend for membership journalists which the company employs or wishes to employ, provided they are qualified for membership.

The prospect of a clash between Mr. Matthews and the NUJ is not immediate because he said he would not seek to renegotiate the agreement until an occasion arose when the company wished to hire a non-NUJ journalist. "I have not had to face the problem yet—but if it comes, I would face it."

Many of his executives did not share his antipathy to the closed-shop principle, although they were aware of his views.

● The two defectors from the Newspaper Publishers' Association — the Mirror Group and News Group — are to be included in plans for urgent meetings of the association over the next few months on problems facing Fleet Street.

Healey 'will not underspend'

By Christian Tyler, Labour Editor

GOVERNMENT underspending because of cash limits was not likely to recur in this financial year, Mr. Denis Healey, the Chancellor, told TUC leaders yesterday.

He said after meeting the TUC economic committee he agreed with the unions that underspending was "as bad as overspending." Not all the shortfall was due to cash limits. The financing of export credits and the sale of BP shares had been among the special factors last year.

A statement afterwards said that Mr. Healey and Mr. Joel Barnett, Financial Secretary, reaffirmed a forecast that public expenditure would increase by 6 per cent. in real terms between 1977-8 and 1978-9.

Mr. Healey made no attempt to raise the thorny question of wages in the next bargaining round, but said that the more given in tax cuts the less there would be to spend on services.

Unions are seriously alarmed at the underspending on capital account—mainly, they say, due to local authorities' cutback in housebuilding—because of the way it robs private manufacturing industry of orders.

British Shipbuilders' man attacks Varley

BY NICK GARNETT, LABOUR STAFF

MR. RICHARD WHALLEY, British Shipbuilders' new director of personnel made a sweeping attack yesterday on the Government's "nonsensical" interference in the corporation's pay negotiations.

Mr. Eric Varley, the Industry Secretary, had been told, and would be told again, said Mr. Whalley, that under no circumstances must the Government repeat its role of virtually dictating varying levels of pay offers to the corporation's various yards.

Pay settlements, tightly controlled by the Department of Industry, have ranged in British Shipbuilders from 8½ to 10 per cent.

Mr. Whalley, speaking to delegates to the shipbuilding and repairing conference of the Electrical and Plumbing Trades Union in Scarborough, said restrictions on the corporation's ability to negotiate, even within the 10 per cent., had damaged the workforce, spread distrust between managers and the shop floor, and helped spawn a series of "fair wage" claims which the corporation could not afford.

The British Shipbuilders Board would "not tolerate" such interference again.

The Department of Industry has maintained that the varying settlement rates are based on ability to pay for each of the corporation's constituent companies.

The figures, said Mr. Whalley, were inexplicable, and the variations had "no logical explanations." The Confederation of Shipbuilding and Engineering Unions has also criticised the Government's handling of pay in the industry.

The delegates were told that sections of British Shipbuilders would have to close unless there was real progress toward job flexibility.

Some restrictive practices were "absolutely appalling." and there were management deficiencies in trying to maintain production.

Murray backs firemen

MR. LEN MURRAY, TUC general secretary, yesterday backed Britain's firemen in their fight for a shorter working week by November. It was a matter of serious concern, he said, that no firm proposals had been put forward by the local authorities.

Boeing deal backed by Scanlon

By Alan Pike, Labour Correspondent

A STRONG suggestion that British aircraft workers should support American rather than European co-operation in the industry was given yesterday by Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers.

He told his union's annual conference at Worthing that partnership on the Boeing 757 project would not mean the end of a British aircraft industry while European co-operation might not produce the number of jobs which some people expected.

The opinion of aircraft workers on the future of the industry depends largely upon whether they work for Rolls-Royce, which would benefit from the involvement with Boeing, or British Aerospace.

Union leaders have tended to fear that a Boeing partnership would rob the British industry of its independent reserve of technology, and have demanded that British Airways replaces its Tridents with the BAC 111 rather than the Boeing 737, which the airline would prefer.

The conference reopened the Common Market issue with a call for withdrawal from the Community.

Delegates adopted by 39 votes to 29 a resolution which described the financial, industrial and agricultural policies of the Community as having a "detrimental effect" on the workers of the United Kingdom.

It instructed the executive to pursue withdrawal from the EEC and urged the European trade union movement to do likewise.

Nottinghamshire miners boost output

BY JOHN LLOYD

MINERS in Nottinghamshire have earned £10m. in bonus payments over the six months to the end of April. Their increased output has both covered the costs of the incentive scheme and contributed to the industry's other production costs in their area.

Sir Derek Ezra, chairman of the National Coal Board, said at Annesley colliery, Nottinghamshire, that output in north and south Nottinghamshire rose by 3.5 per cent. over the same period last year — more than 210,000 tonnes.

However, later provisional figures collected by the board show that the early sharp rise in productivity appears to be tailing off nationally. Output per manshift for the six weeks beginning April shows only a 0.01 per cent rise over the same period last year.

A further warning note was struck by Sir Derek when he admitted "an immediate problem of securing our markets when the economy is sluggish and energy is abundant."

But the board believes demand will rise in the early 1980s.

Civil servants in pay protest

By Pauline Clark, Labour Staff

THE GOVERNMENT was accused yesterday of ranking among the worst employers in the country as more than 1,500 industrial civil servants attended a rally in Westminster yesterday to protest at their low pay. After the rally they went to the Commons to lobby MPs.

The rally was organised by the Transport and General Workers' Union public services committee on behalf of its 93,000 members employed by the Government.

The Government workers, who want to be treated as a special case on pay, are also pressing for a job creation scheme for defence workers who are threatened with the loss of 10,000 jobs because of defence cuts.

Dismissed chef 'spilt onions on floor' at Claridge's

Mr RICHARD ELVIDGE, the commis chef who was dismissed from Claridges Hotel, botched the job of cutting up vegetables, M Andre Rolland, the head chef, said at an industrial tribunal in London yesterday.

M Andre Rolland, who started in the catering industry in Paris when he was 14, said things started to go wrong for Mr. Elvidge when he worked in the pastry section.

He was cutting vegetables in "all different sizes," said M. Rolland.

He spoke to Mr. Elvidge a few times, once after some of his work could not be used.

"I told him that after two years at college, training, he should know better, but he did not seem to take much notice. He never once cut the vegetables right, and the other chefs would camouflage his work."

Mr Elvidge, whose dismissal started a two-week strike at the hotel, is claiming unfair dismissal. M. Rolland said that when moved to the sauce section Mr. Elvidge would stand with one leg on a chair or sit on a table with one leg on the bin while peeling onions, and half of them went on the floor.

"He should have been standing up, and I told him if he could not stand he should stay at home."

M. Rolland, cross-examined by Mr. Andrew Collander, instructed by the General and Municipal Workers Union, said he did not know Elvidge was recruiting for the union or that he was known by the staff at Claridge's as "Jack Jones" or "Joe Gormley."

Earlier, Mr. Richard Edmons, secretary of Boodles, the London club, talked of the difference between working on two-year catering courses, such as the one at Grimsby College of Technology which Mr. Elvidge had attended, and working in the kitchens at Claridge's.

On leaving college he had to switch to working fast and hard.

"At Claridge's he must pay attention to detail," said Mr. Edmon, after being asked whether herrings should be served with their tails on or off. (They are off at Claridge's.)

As to discipline, the head chef was master of his kitchen but would delegate responsibilities. Seldom was a dish prepared by only one person.

Adding salt to dishes was something that had to be learned: it was a matter of experience.

He agreed that in the heated atmosphere of the kitchen tempers became frayed, and said that violence in the kitchen was a very serious matter. "There are knives and a lot of hot water about."

Mr Edmons, called by Claridge's to give evidence said: "A complaint by a customer about food in Claridge's, or a place like it, would be a very serious matter, especially with there being a small clientele.

The hearing was adjourned until to-day.

Seamen seek pay freedom

THE LEADER of Britain's 33,000 seamen urged a return to free collective bargaining yesterday at the opening of their union's conference in Aberdeen.

Mr. Jim Slater, general secretary of the National Union of Seamen, said trade unionists had made a substantial contribution to reducing the rate of inflation. But the opportunities provided through wage restraint had not resulted in greater investment or higher output.

● Maintenance of strict wage controls from this year onwards would be "unreasonable and unrealistic." Mr. John Freeman, chairman of the Northern Ireland committee of the Irish Congress of Trade Unions, said yesterday at the committee's annual conference.

● South Wales miners rejected any Phase Four extension of the social contract and urged the Government to remove pay bargaining restrictions. Conference delegates in Porthcawl also agreed to press for a £110 basic wage for coal face-workers, irrespective of incentive bonuses.

Union official admired Tether

THE SENIOR organiser of the National Union of Journalists told an industrial tribunal in London that he had developed a personal admiration for Mr. C. Gordon Tether, the former Financial Times columnist, and for his principles.

Mr. Robert Norris was giving evidence to the tribunal, which is hearing Mr. Tether's unfair dismissal claim, about the union's involvement in Mr Tether's dispute with Mr. Fredy Fisher, the editor, over the editor's control of the Lombard column, which was written by Mr Tether for 21 years.

Mr Tether, 64, was dismissed 10 months ago. He now seeks reinstatement at the hearing in London.

Mr. Norris was asked by Mr. Tether about telephone conversations he had with Mr. Mark van de Weyer, father of the union's chapel (office branch) at the Financial Times. Mr Tether had complained to the union about Mr. van de Weyer's conduct of his case.

Mr Norris said he was positive Mr. van de Weyer did not tell him he had accepted that Mr. Tether's employment should be terminated. This would have been entirely out of line with the procedure which had been adopted.

Involved

A chapel father did not have the authority to accept a dismissal. Mr. Tether's case had been referred to the union's executive which would either confirm or resist his dismissal.

Mr. Norris said he had become personally involved in the case. He developed a sense of admiration for Mr. Tether and his principles.

He said he discussed the case with the union's general secretary and it was decided that the dispute should go before the national executive. It was felt that if any organisation was going to counter the moves being made by the Financial Times the executive was the best organisation to do it.

Questioned by Mr. Thomas Morison, counsel for the Financial Times, Mr Norris said that when presenting Mr. Tether's case to the Newspaper Publishers Association-NUJ disputes committee he contended that Mr. Tether was acting reasonably because he was a journalist of almost unique independence. He was acting reasonably in not accepting an obligation to consult with Mr. Fisher.

Mr. Morison asked Mr. Norris to suppose that an article written by an independent journalist appeared to his editor to be so devoid of quality that it should not appear. Was the editor then obliged to publish it?

Special position

Mr Norris replied that he could not categorically answer that. He was conscious that the union's case was based on the special position of Mr. Tether.

Mr. Morison then asked whether he told the disputes committee that because of Mr. Tether's special position the editor's view should be overridden.

Mr. Norris replied, "I do not think I said that."

Mr Morison said: "That would be wholly inconsistent with the generally accepted view of the NUJ that an editor's prerogative was sacrosanct."

Mr. Norris: "General view—'yes.' But the characters in this particular drama—Mr. Tether on one side and Mr. Fisher on the other—took it out of the general view."

Mr. Morison: "To your knowledge there has never been a challenge to the right of an editor on the exercise of his prerogative over material to be published?"

Mr Norris replied that there had been one disciplinary hearing against an editor over what he published and where the union felt he had abused his prerogative. It was the content of the article which caused the difficulty. The editor was accused of originating material which encouraged discrimination on racial grounds.

Mr. Morison: "Leaving that out of it there has been no other case in which the union has sought to impugn an editorial decision made by an editor."

Mr. Norris: "I cannot say that; I cannot recall any to mind."

But editors were being challenged all the time, he added.

The hearing continues to-day.

PARLIAMENT AND POLITICS

Tories force change in starting level for 40% rate of tax

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT last night suffered its second major defeat of the week on the Finance Bill when, by a narrow majority of two votes, the Conservatives forced through an amendment raising the starting point for the payment of the 40 per cent. higher rate of income tax from £7,000 to £8,000.

The Ulster Unionists, the Liberals and the Scottish Nationalists joined forces with the Tories to win the amendment by 288 votes to 286 during the committee stage of the Bill. Only the Welsh Nationalists sided with the Government.

Triumphantly recalling that only on Monday the Government had been defeated when the basic rate of income tax was reduced by one penny, Mr. Peter Rees, a Tory Treasury spokesman, told the House: "It may well be that the walls of Jericho are lying in ruins. My right honourable friends have demolished them."

The Conservatives were also pressing another amendment to raise the consequential levels at which taxes are increased and to reduce the number of higher rates from nine to four.

This would mean that those earning between £8,000 and £10,000 a year would pay at 40 per cent., those between £10,000 and £14,000 at 50 per cent., those between £14,000 and £21,000 at 60 per cent., while those above £21,000 would pay at 70 per cent. The top level of tax would be reduced from 83 per cent. to 70 per cent.

According to Sir Geoffrey Howe, shadow Chancellor, the cost of raising the starting point to £8,000 would be £40m. in the first year and the changes in the other rates, £155m. in the current year. The two amendments together would therefore amount to less than £200m. in the first year.

But, from the Government front bench, Mr. Denzil Davies, Minister of State at the Treasury, said that his department estimated that the cost of both amendments together would be £190m. this year and £385m. in a full year.

Mr. Davies said that if this was added to the cost of the penny reduction in the basic rate of income tax made on Monday, the total cost this year would be £573m. and, in a full year, £785m.

The Minister maintained that the amendments being proposed by the Conservatives would bring meaningful financial benefits only to those earning over £15,000 a year. "The Tory party, on the evidence of these amendments, is a small pressure group for the well-off," he declared

Sir Geoffrey, however, accused the Government of trying to make "a society of drab indifferent equality in which all motivation and incentive will have been destroyed."

He said that the cost to the revenue if the two amendments were approved was less than one third of a penny in every pound of public spending this year and one-twentieth of the planned increase in public spending this year.

This "modest figure" could be covered three times over if the Government were prepared to accept the Conservative recommendation for a single rate of value added tax at 10 per cent

He also argued that the amendments would mean, in real terms, that the person earning over £25,000 a year would still be shouldering a higher tax burden than after the Chancellor's first budget in 1974.

The Conservative proposals, would substantially increase the willingness to work, invest, and take risks and would reduce the tendency towards tax avoidance, said Sir Geoffrey.

It would release several hundred thousand taxpayers from the higher bands and would be a way of saving on the huge increase which had taken place in the numbers employed by the Inland Revenue.

He maintained that, contrary to figures given to the House earlier this week, there had been an increase of 20,000 in Inland Revenue staff between March, 1974, and the end of last year. He estimated that the reduced 25 per cent. tax band introduced in the Budget would add another 100,000.

If the number were reduced by 20,000 this would mean a saving to the taxpayer of about £110m., in the salary bill.

He claimed that the present high rates of tax were penalising those with special skills and responsibilities skilled workers, managers and other enterprising people.

"To have singled them out for the imposition of tax rates, higher than anywhere else in the free world is sheer lunacy.

"To continue with these rates is to demoralise them. These rates have never been justified. The burden has been imposed by stealth—four years of record inflation carrying people up into higher and higher tax rates.

"We have experienced in the last four years a savage and continuing reduction in post-tax differentials.

This has occurred in spite of assurances from Mr. Harold Lever, Chancellor of the Duchy of Lancaster, and economic adviser to the Prime Minister, that the Government were aware that tax rates were too high and that the Chancellor of the Exchequer was giving priority to remedying the situation.

There were jeers from the Labour benches as Sir Geoffrey listed 18 well known figures in sport, pop music, literature and the film world, who had left the country as a result of high taxation. These ranged from James Hunt, the racing driver, to Richard Burton, the actor and Len Deighton, the author of spy novels.

Replying for the Government, Mr. Davies said that Sir Geoffrey's "extraordinary speech" had illustrated the kind of Budget which the Tories would introduce if they were returned to power.

He said the Tory "mini-Budget" proposed in the two amendments gave nothing to the married man with two children on £50 a week. A married man on £80 a week, would get 33p, a man earning £10,000 a year would benefit by £1.60 a week.

"You have to start at £15,000 a year before you really get a benefit from this. It is people earning from £15,000 to £50,000 that the Tory party are so concerned about to-day."

Those on £15,000 a year would get an extra £500 a year—£10 a week. On £25,000 a person would get an extra £1,500—£30 a week. For those on £50,000 it would mean almost £5,000 extra a year.

"It won't help the skilled middle-manager in industry. I'm surprised that the Liberals are prepared to vote for that kind of amendment.

"It shows an abysmal sense of justice and fairness from the Conservative Party."

He believed that 40 per cent. of the total sum from the amendments would go to those on unearned incomes. Much of it would go to people paying Schedule D tax—professional people, and small traders, not to those in industry.

Mr. Davies alleged that the main object of the Conservatives was "to inflict as much damage as possible upon the economy in the hope that the approbrium for that will fall upon the Government.

"They are confident that those elements in the City who have piously preached financial rectitude will be prepared to abandon that principle if they see the fat benefits that will come to them."

Investment surcharge win for Government

BY JOHN HUNT

THE CONSERVATIVES were defeated when they moved amendments in an attempt to raise the starting levels at which investment income surcharge becomes payable.

An amendment to raise the starting point for those under 65 from £1,700 to £2,000 was defeated by a majority of 14 (289-275). The Conservatives then failed to press a further amendment putting up the starting point for over-65s from £2,500 to £3,000.

Mr. Peter Rees, a Tory Treasury spokesman, wanted to know why the investment income of a retired shopkeeper or farmer should be treated more harshly than the income of a civil servant who had an inflation-proof pension.

Mr. Joel Barnett, Chief Secretary to the Treasury, said that the cost of the Conservative proposal would be £30m. in a full year. He pointed out that 91 per cent. of people with investment income would not be paying the surcharge.

He also estimated that a Liberal amendment to throw out the higher rate of surcharge of 15 per cent. would cost £120m. in a full year.

Treasury view 'ludicrous and hypocritical'

BY IVOR OWEN, PARLIAMENTARY STAFF

LABOUR backbenchers subjected Mr. John Pardoe, Liberal spokesman on economic affairs, to a constant barrage of interruptions when he explained why Liberal MPs would be joining with the Conservatives to vote for income-tax reductions designed to benefit middle-management and top executives.

He insisted that these changes—first advocated by the Liberals—should be seen as the start of a wider reform of the tax system, which, over a period of three years, would see the threshold lifted substantially above supplementary benefit level so that income-tax was only levied on the middle-income and upper-income groups.

Mr. Pardoe described the attitude of Treasury Ministers in opposing the concessions for higher-income earners as "ludicrous and totally hypocritical."

It was not just Mr. Harold Lever, Chancellor of the Duchy of Lancaster, who believed that the top rates of tax were too high, but most of the Cabinet and most Labour MPs.

The amendments were being opposed by the Government, he said, because of the stand taken by "half a dozen people" in the Cabinet.

Mr. Pardoe emphasised that Britons had the highest rates of tax imposed by central government of any industrial country in the world. It was not just the pop stars who had become tax exiles, but many businessmen and professional men who were able to go abroad because of the mobility of labour arising from Britain's membership of the EEC.

Reductions had to be made in the highest rates of tax, but considerable political problems were involved, as was demonstrated by the fact that when the last Conservative Government left office, the top rate was 75 per cent. and not the 70 per cent. now supported by the Opposition front bench.

There could be no disguising the fact that if the amendments were carried, some people would, get very high after-tax increases. Nevertheless, it should be done, but at the same time, people at every level of income needed to be convinced that the overall proposals for reforming the tax system would be good for them

The aim should be to reduce the basic rate of tax to 20 per cent. or 25 per cent. over a three-year period and, ultimately, to reach a position where everyone was entitled to keep a half of what they earned.

A wealth tax — he regretted the fact that there was no sign of the Government introducing one — would also be a key ingredient in the tax reform which Liberals wanted to secure.

Mr. Douglas Crawford (SNP, Perth and E. Perthshire) said his party would support the amendment to ease the tax burden on middle management but vote against the proposals which would benefit the "rather rich"

Bigger incentives were needed, he said, to attract the middle managers which Scotland required to sustain existing industries and improve the prospects of attracting new ones

Mr. Ron Thomas (Lab., Bristol NW), Tribune Group chairman, said the Tory move was a blatant example of class interest. He was surprised that the Liberal Party could even contemplate going into the lobbies supporting them.

Inflation had a more severe effect on the low-paid than high earners.

He reckoned that a man earning £25,000 a year, who could also take advantage of the capital gains relaxation in the Budget would benefit by something like £3,600 a year, from the Tory proposals and the Budget combined "Over half the manual workers earn less than this," he declared

Boyson argues for tough unions policy

BY RUPERT CORNWELL, LOBBY STAFF

THE CONSERVATIVES risk losing the next election if they fight it on a platform of courting and currying favour with the unions. Such a policy of appeasement will earn not cooperation but contempt, and could see the party ending up again with a minority in Parliament.

This view is vigorously expounded by Dr. Rhodes-Boyson, Tory MP for Brent North and one of the party's most boisterous spokesmen on the radical populist Right, in "Centre Forward," a new book published to-day.

"Centre Forward" is described on its cover as a "radical Conservative programme." For Dr. Boyson, this consists of less Government intervention and interference, less taxation, and a sharply reduced role for the trades unions.

His economic diagnosis is that Britain is in the position of West Germany before 1948—"a drab desert of controls, inflation, low productivity and broken morale." His solution is to denationalise, decentralise and restore the freedom of the individual, secure under the rule of law.

Dr. Rhodes Boyson

The most striking section deals with the unions and the reforms that should be introduced by a Tory government. The downfall of Mr Heath in February 1974, in the Boyson view, was caused not by dislike on the part of voters for his stern attitude to the unions, but by their doubt that the Tories had the will to push on to full victory.

The unions, says the MP, were largely responsible for the country's economic malaise. It was a myth to suggest even that they raised the standard of living of their members. "The pay of unorganised typists has, since the war, risen faster than that of organised miners."

Dr. Boyson adds: "By their close ties with the Labour Party and regular pronouncements on almost every subject apart from immortality, they have become a mechanism for transforming society rather than for improving the conditions of their members.

"If they succeed in destroying private enterprise, the result will be to imprison their members in a low productivity, low standard, declining Socialist society."

Instead, Dr. Boyson advocates reforms which would make all union contracts binding, with the right to damages for breach "as in all other lawful contracts in a civilised society."

Meanwhile, pickets should be limited to a maximum of six at a place of work and legislation introduced to ban the closed shop. An end should be made to supplementary benefits to strikers' families—"now a preposterous perversion of the Welfare State."

Dr. Boyson argues that the use of conciliation machinery like ACAS should be checked, while the tax exemption enjoyed by unions and their privilege of immunity from actions for defamation should be halted. He also canvasses the idea of measures to outlaw strikes in key services which "hold the public to ransom."

Centre Forward, a Radical Conservative Programme by Dr. Rhodes Boyson. Maurice Temple Smith Ltd. £2.25.

Tory peers score new Assembly Bill win

THE LORDS yesterday continued to maul the Scotland Bill, removing yet another of the powers devolved to the proposed Scottish Assembly.

Peers backed by 14 votes a Tory move to take away control over road licences and permits. These involve bus services. Voting was 93 to 79.

On Tuesday the Lords removed a series of powers including those over airports, forestry and waterways

Lord Campbell of Croy (C) said the road transport responsibilities should be reserved by the Government as, he argued, the border between England and Scotland could become an obstacle if there were different systems of road management.

Lord Morris called for the retention of the present common national approach to licencing and the maintenance of standards. This was what the passenger road transport industry wanted.

It was also in the best interests of passengers generally that there should be uniformity of approach.

For the Government, Baroness Stedman said she wanted to devolve responsibility on matters of close everyday concern to the people of Scotland and this clearly applied to bus services. It would "lame the Assembly" if it were denied competence on bus services.

Under the Bill, the Assembly would be responsible for road service licences covering issues like fares and frequency of services, but it would not have control over public service vehicle licences or freight operators' licences.

The Government was ensuring that "the construction and safety standards of vehicles will continue to be dealt with in the U.K. as a whole."

Jobs proposal worth studying, says Booth

BY SUE CAMERON

MR. ALBERT BOOTH, Employment Secretary, said yesterday that the idea of employees taking one year off in four so as to provide more job opportunities ought to be considered.

The suggestion was put forward last week by Mr. Terry Duffy, the new president elect of the Amalgamated Union of Engineering Workers.

Mr. Bonth told a Commons Select Committeee investigating unemployment that if the idea were put into practice it would be best if details were worked out through the normal collective bargaining process.

It would be possible to legislate on the re-allocation of jobs for employees returning to work after a year off. This had already been done for married women returning to work after pregnancy.

But the Secretary of State did not believe this was the best way of implementing the kind of scheme proposed by Mr. Duffy.

Plans for Scottish Parliament unveiled by Nationalists

PLANS FOR a separate Scottish Parliament, complete with its own Prime Minister and Cabinet, were published by the Scottish National Party, yesterday.

Under the proposals, Scotland would have its own civil service, public boards, and Ministries, and public involvement in decision-making would be ensured.

The plans, to be submitted for debate at the SNP's annual conference in Edinburgh on May 25-27, envisage the creation of 16 Ministries, including a Ministry of External Affairs.

The document states that Ministries need not be vast faceless bodies. "They need neither be large in themselves nor extremely numerous. Self-government will enable us to diminish bureaucracy and make government more comprehensive and accessible to the ordinary citizen.

"As stated in our constitutional proposals, the total number of Ministers ought never to exceed one fifth of the total number of members of Parliament."

Initially the SNP proposes that Scottish Ministries should parallel the existing sub-departments of the Scottish Office and existing British Ministries.

But after a period of transition the system would need adjustment and change. "That will be a task for Scotland's Parliament and Government to accomplish in the light of experience."

The document reaffirms the SNP's commitment to setting up a Scottish system of government based on open decision-making, democratic accountability, and respect for the rights of individuals and minorities.

"Parliament, as the supreme elected body representing the people of Scotland, must exercise effective control over governmental power in all its manifestations," the SNP declares.

Call for EEC regional aid changes

Financial Times Reporter

REGIONAL differences within the EEC have increased rather than diminished despite all the money spent in this field according to a pamphlet published to-day.

If there is to be a "true and effective policy," says Mr Mark Swift, of the Fabian Society, the European Commission will have to be reorganised, the size of the regional fund increased and aid concentrated on the areas most in need.

In addition, methods of granting aid should be diversified and disincentives introduced to reduce investment in the better-off areas. State investment, he argues should, be channelled to the poorer areas.

Mr. Swift believes the share of the regional fund going to the various countries should be revised and the number of beneficiary regions cut back. Britain, Italy and Ireland should be the principal beneficiaries, he declares.

Two disincentives should also be introduced—a community development certificate for new investment above a certain level and a payroll tax on all employment in the most congested areas.

A Regional Policy for Europe. Mark Swift. Young Fabian Pamphlet 48. Dartmouth Street, London, S.W.1. 70p.

Wednesday poll at Hamilton avoids World Cup TV clash

BY PHILIP RAWSTORNE

THE HAMILTON by-election is to be held on Wednesday, May 31, to avoid a clash with the televised opening of World Cup football in Argentina the next day.

Though by-elections are usually held on Thursdays and Scotland do not play their first match until the Saturday, Government Ministers have decided not to risk any distractions from the critical political contest.

Hamilton, where the Scottish Nationalists made their first political breakthrough in a by-election 11 years ago, now represents an important test of the SNP's ability to sustain its challenge to Labour.

Mrs. Margo MacDonald, senior vice-chairman of the SNP and one of its most appealing campaigners, has been given the task of capturing the seat from Labour and stemming the apparent recent decline in the Nationalist's fortunes.

She needs a swing of more than 4 per cent. from Labour to overturn the 3,332 majority won by Mr. Alex Wilson, a former miner, in October 1974.

Mr. Wilson's death at Easter caused the by-election. Mr. George Robertson, former chairman of the Labour Party in Scotland and a full-time union official, will now defend the seat.

The Conservative candidate is Lord Alexander Scrymgeor and the Liberals, by one vote in the local associations and against continuing opposition from party leaders, have decided to enter the fight, nominating Mr. Fred McDermid, a surveyor, as their candidate.

Plan to acquire Short Brothers shareholdings

By Our Parliamentary Staff

THE GOVERNMENT is to acquire two minority shareholdings in Short Brothers, Mr. Don Concannon, Minister of State for Northern Ireland, said in a Commons written answer last night.

The two shareholdings are Harland and Wolff Limited and Rolls-Royce Limited (in liquidation). Both hold 360,000 Ordinary voting shares of £1.

Mr. Concannon said the Government intended to acquire the shares to bring Short Brothers completely within the ownership of the Northern Ireland Department of Commerce and the Department of Industry.

The first step would be to acquire the Rolls-Royce shareholding and a consideration of £20,000 had been agreed with the receiver of that company. Subsequently, arrangements would be made to acquire the shares held by Harland and Wolff for a similar consideration.

Land Act costs 'appalling'–Tory

THE Community Land Act was costing £100,000 an acre for housing, Mr. Tim Renton (C., Mid-Sussex) claimed in the Commons yesterday. This was an appalling waste of money in pursuit of doctrinal Socialist aims, he declared.

Mr. Renton said that only 33 acres had been released for housing in 1976-77 under the Act. Yet the administration and staffing costs were £3.5m.

Mr. Guy Barnett, Environment Under-Secretary, said that anyone who knew about running large enterprises recognised that "costs of the kind you have described have to be incurred at the start in order to get the growth of the scheme later."

Shore pressed on lifting of home loan limits

BY OUR PARLIAMENTARY STAFF

RESTRICTIONS ON building society lending will be lifted when there is no longer any danger of feeding inflation in house prices, Mr. Peter Shore, Environment Secretary, told the Commons yesterday.

Mr. Shore said that the restrictions on mortgage lending agreed in March applied for three months. "We will look at the situation again. I have no desire to retain any limitations on the building societies' lending programme any more than they have"

The restrictions would be lifted "just as soon as we are satisfied we are not feeding inflation in house prices."

Mr. Michael Heseltine, shadow Environment Secretary said that until the Government made clear its attitude to building society lending after the end of June it was injecting a degree of uncertainty into the house-building programme. As house prices had increased by 16 per cent. over the last 12 months, there was an element of slamming the stable door after the horse had bolted in the Government's proposals.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SERVICES

Heat loss detected

A NEW company called BL Thermographic Surveys has been set up to provide a service in infra-red imaging to industry. Joint owners are Bjeld and Lauridsen of Denmark and Tylin CAE, a Tate and Lyle subsidiary. Both companies have a thermographic background.

The company is employing about £40,000 of AGA Thermovision equipment from Sweden and will carry out comprehensive surveys at a cost of about £60/hour.

In effect, the equipment produces a black and white television picture, not of the visible light coming from a scene as with normal TV, but of the infra-red or radiant heat coming from the various parts of it.

The company believes that in a world that is becoming increasingly concerned with energy waste, such equipment will find increasing application.

On the picture, hot areas show up as white and cold ones as black, with a grey scale in between. By electronic processing of the signals, isotherms can be imposed on the picture which can be calibrated by reference to an external standard contained in the scene.

Many of the applications will involve the loss of heat from buildings — badly insulated areas show up very clearly. But it is also possible to determine for example the condition of furnace linings, chimney stacks, reactor vessels and storage tanks.

Underground pipes carrying hot water or fluids can be quickly monitored for breakdown of insulation or leaks. corresponding hot areas occur on the surface and can be seen by the camera. Repairs therefore become a lot quicker and less expensive because a hole can be dug in the right place first time.

In electrical plant, faulty connections can be identified immediately due to the resistive-loss heating produced: applications range from printed circuit boards in electronics to high voltage switchgear and transmission lines.

More from the company at 20 West Street, Buckingham MK18 1HE (02802 4500).

Thousands of feet of pipework at Walls' ice cream plant at Acton, London, have been clad in tailormade aluminium casings secured by stainless steel self-tapping screws. Main purpose of this work, which has been carried out by Dee Cee Contracts of Dartford, Kent, was to improve insulation of the pipework and at the same time achieve a dust-free environment. The pipework carries ammonia, steam and hot water.

● MATERIALS

Collecting the dust

A RANGE OF dust collecting materials using a special plastic with very high surface adherence coefficient, has been developed by Ernest Spirig of Rapperswil, Switzerland, who has appointed Teknis as U.K. distributor.

The material is said not to migrate platicisers or give off hazardous vinyl chloride compounds which can contaminate the very clean area users are trying to produce. It has an anti-bacterial agent which allows it to be used in medical applications. The "tackiness" is a physical characteristic of the compound, and dirt and dust may be cleaned from the mat by washing with mild detergent and drying with a squeegee.

Available in a variety of sizes and thicknesses (3mm and 5mm) the material may be welded (hot-air as in PVC welding) into larger areas.

Teknis has added the 3S Stop-Slip Pads from Spirig to the range of specialised materials it offers to the electronics, aviation and other precision industries. This has been developed from the dust control materials, says the company, to offer very high coefficients of surface adherence which can be used to resist slipping of components on work surfaces.

The material, if contaminated with dust, dirt, etc., may also be cleaned with a mild detergent when the tackiness collapses completely—however, the full "grab" is restored when the material dries.

Suggested applications include sorting of small components, retention of dropped components, prevention of loss of screws, washers, etc., in sensitive areas.

More information from the company at Teknis House, Meadrow, Godalming, Surrey GU7 3HQ. Tel: Godalming 5432.

Quick repair of concrete

AN epoxy-based concrete repair kit developed by Protective Materials of Chessington needs no primer and so can make quick repairs to concrete floors and other concrete items.

Called Patch Pack, the kit consists of a resin, hardener and a graded filler in a single pack all of which is intended to be used at one time. The material is mixed in a few minutes and then applied by trowel, hardening overnight to form repairs which the company claims are generally superior to the concrete itself.

This chemically resistant material is also suitable for protecting concrete where attack is likely by water, oils, grease, some dilute acids and volatiles.

More from Oakcroft Road, Chessington, Surrey (01-397 3344).

● MACHINE TOOLS

Automatic turning

FRONT LOADING single and multi-spindle chucking automatic turning machines built on the unit construction principle and made in Germany by EMAG GmbH, West Germany, are to be marketed in the U.K. by Alexander Marcar and Co.

Offered as options are a pendant-mounted computer numerical control unit for small volume turning of complicated parts and integral automatic loading and transfer equipment for mass production. There is a choice of beds, headstrokes, swarf removal systems, slide drive units and controls.

As a contribution to high accuracy, the temperature within the machine is minimised by mounting most of the spindle drive equipment outside the headstock. The latter is mounted on wide hardened and ground bedways for swings over bed up to 550mm diameter and turning diameters up to 500mm.

Eight different inclined bed units allow 16 basic configurations and the company quotes one example: on the twin spindle lathe, a double bed design enables long workpieces to be machined on one spindle using a long slideway and tailstock, while access to the front is maintained for the other spindle, if required, by using a short bed unit.

There is a choice of either under-floor or built-in chip conveyor equipment. Full details of these machines can be obtained from Marcar at Marcar House, Parkshot, Richmond, Surrey, TW9 2RJ.

● AVIATION

Controllers under test

DESIGNED specifically by Modular Power for testing control systems in military/civil airborne applications, an ac supply interruptor simulates breaks in 400Hz power supplies in the voltage range from 90 to 140V.

It has four time intervals: three are preset to provide interruptions between 50 and 350 milliseconds. The fourth is presettable by the user between 1m/s and 1 second.

Modular Power, 28 Sun Street, Waltham Abbey, Essex. Lea Valley (0992) 711922.

● INSTRUMENTS

Push-button analysis

THE latest ultra-violet/visible scanning spectrophotometer from Pye Unicam, SPS-200 combines the benefits of keyboard operating with microprocessor control and advance data handling.

Wavelength scanning is initiated by keying in the required stop and start wavelengths, bandwidth chart and scan speeds, and pressing the "start" button. The processor then commands the monochromator to move to the start point and the chart to advance to a major grid line. Scan recording will then proceed automatically. The unit will remember such instructions, to be recalled for use later on.

A high standard of optical performance is achieved by equipping each of the instruments with a master grating rather than a reproduction. In addition, the grating and all the mirrors are silica coated, and the monochromator and beam splitter areas of the instrument are hermetically sealed.

Among the major facilities that can be added are a program control module, a data control unit, and a data output and remote control interface.

More from the company at York Street, Cambridge (0223 358661).

Dual-role tachometer

LATEST portable tachometer from Havant Instruments measures rotational speed from 0.2 to 2000 rev./min., linear speed in feet/min., and can also act as an item counter on a production conveyor.

It uses a solid-state light source and a photodetector to measure the time interval between successive passes of a reflective patch on the rotating object. The result is shown on a four digit liquid crystal display.

At the slow rotational speeds of up to one rev./min., the display is held until the next pass and is then updated. At higher speeds the measurement is made each second, the display being held also for one second.

Similarly metallised self-adhesive tape may be attached to linearly moving items.

Accuracy is at 0.1 per cent, and the effective range is six inches.

More from Unit 3, Westfields, Horndean, Hants. (Horndean 2020).

Humidity meter

PUT ON the market by Texcel Electronics is a hand-held humidity meter, battery operated, intended for use in environmental engineering, storage checking, computer operations and in research and development.

It makes use of a wet and dry bulb probe and displays the relative humidity of air and other gases directly as a percentage on a digital (LED) display.

The Therm 2146 has a claimed accuracy of 1 per cent. over the range 10 to 99.9 per cent., with 0.1 per cent. resolution. No further conversion of readings is required by reference to charts or tables.

The instrument will operate from the mains if required, and there is 0.5 volt output for the operation of a recorder.

More from the company at 13, Cunningham Hill Road, St. Albans, AL1 5BX (St Albans 22333).

● COMMUNICATIONS

Competition for international services

THOUGH Satellite Business Systems's main project, according to industry sources, is running to schedule with field trials due in the first quarter of 1979, a satellite launch in the third quarter of 1980, and an operational system up in the first quarter of 1981 giving coast to coast U.S. coverage, opinion as to the real purpose of SBS continues to be divided.

It is quite clear from the way contracts have been awarded by SBS that IBM is in technological control, so SBS must have, within it, some views of the future as seen by IBM. To Dixon Doll, of the DMW group, speaking at a recent London conference, SBS is but one element in an IBM attempt to move further into communications, and it will not be restricted to U.S. communications. He said that IBM would continue to pursue its attempt to get into international satellite services.

PH Dorn, on the other hand, a long-standing IBM observer, believes that it is unlikely that any monopoly common carrier (the PO/PTT's) would allow SBS to go into business competitively. Certainly privately expressed opinion within some European PTT's indicates that no end-to-end service will be allowed except when it makes use of existing arrangements and PTT facilities, being charged on the same basis as other third parties.

SBS, meanwhile, seems to be developing as predicted in the documents it filed with the FCC. The CPES (Customer Premises Earth Station) will have a generalised interface to which all classes of communication devices can connect, whether analogue or digital, image-oriented, modem or hard wired.

SBS aims at customers whose minimum spend annually on telecommunications is at least $10m.

Dorn says the Series 1 system is a crucial telecommunications product from IBM. It is the IBM version of the IMP (Interface Message Processor) found in packet switching networks, a very fast flexible switch capable of expansion, behind which IBM is putting considerable resources and market push.

Dorn considers this will be the "front end" device when IBM eventually announces its long awaited "IBM Plug" — the standard office product interface. And by 1982, just in time for the SBS launch, he expects it will be possible to connect a computer centre to SBS via that interface and Series 1.

Howard Anderson of the Yankee Group tends to regard SBS not so much as the key system in IBM's long term planning, as a U.S. bargaining counter. He does not see IBM expecting much profit from SBS, rather that SBS gives IBM a voice in the regulated telecommunications field in the U.S. In this view, SBS is an attempt to make sure that the "no man's land" between telecommunications and computing is not brought under regulation.

That no man's land turns out to be a very profitable one. Studies have shown that if one takes the total costs involved in telecommunications, equipment and transmission, 75 per cent. of the costs and the product lie in the "no man's land" area. If this area can be kept open, IBM in the U.S. has flexibility of options, and a large market into which to move.

The less developed countries may be unwilling, and unable because of lack of trained staff, poor infrastructure, and of course lack of capital, to continue to invest at the same levels in computing. Growth, therefore may depend on those parts of the computer industry which can perceive the coming pattern being able and willing to make the switch to offering a service.

Certainly this would make the currently unpopular views of Pierre Audoin, ex Plan Calcul official and now a consultant to the EEC, worth thinking about more deeply. He believes that SBS is but the first stage in an IBM plan for a universal computer communications network. By its ability to handle all the complex demands for DP orientated solutions and by bringing out a mass of new products, larger users may well decide that the only way to keep things under control is to hand over to a specialised body offering them all inclusive DP solutions.

Users would become simply subscribers to a distributor service, the IBM global DP processing network. And of course, as the IBM/SBS customer set seems to be mainly targeted on larger companies, many of them multinational, the PTT's might have to face pressure to allow such solutions.

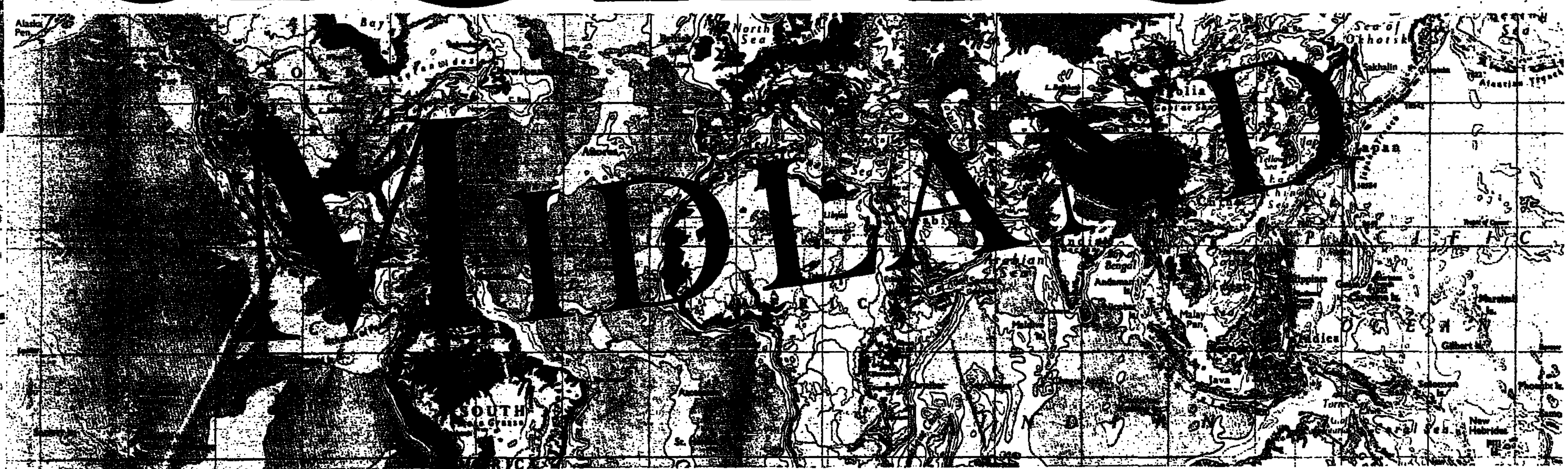
The Audoin counter-strategy would be the grouping together of the PTT's initially in Europe, in order to put up a comparable network.

This would demand co-operation between European hardware and software manufacturers and the PTT's. Certainly one may well speculate about the attitudes of large European companies when they find an SBS offering in America, and no similar solution on the horizon in Europe.

Currently, says Audoin, what is missing is the political will and the mechanics, the body required to co-ordinate everything for such a solution to come about, the body required to devise a counter strategy even if based on IBM-SBS models. Certainly, though there has been much talk about the threat of SBS within European telecommunications circles, there has been singularly little action, and there seems no sense of urgency.

Main problem when coping with a puncture is usually loosening the wheel nuts. Engineer Allan Tomlin has just been awarded £1,000 by BL Cars for an idea which has resulted in the production of the wheel nut spanner he is demonstrating in this picture. This tool is a modification of existing designs. It has a hinged extending handle which gives the often much-needed extra leverage. BL Cars says the tool will eventually be included in all models.

We deliver



Map by George Philip and Son Ltd. © 1978.

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THE JOBS COLUMN

Salary surprise • Credit • Travel

BY MICHAEL DIXON

AMID the enthusiasm for management education in this country a decade ago, some voices could be heard crying that we must beware of letting our new vision of the importance of good management blind us to the still greater importance of successful business.

It seemed to me a sensible warning then, and still does so to-day. Which is why I have an uneasy feeling about the results of a study just completed by Tony Vernon-Harcourt of Keyser Ullmann's remuneration services unit.

The study took 101 big private enterprise companies in the construction industry, and statistically broke down their top U.K. managers' pay in two ways. The first was by their employer's turnover. The second was by the number of people the company employed in this country.

Since quoted companies' accounts now give figures for directors and senior staff in the U.K. with total cash remuneration of £10,000 a year or above, Keyser Ullmann took as its raw material the most recent annual reports available from the 101 concerns.

These showed that, in all, about 500 directors were in the £10,000-plus bracket, as were some 1,100 non-directorial staff. A comparison with the previous period's reports from the companies, indicated that in the interim the number of directors entering the bracket had increased by only just over 1 per cent. The £10,000-plus collectors among the non-Board managers, on the other hand, had increased by no less than 40 per cent.

This, however, surprised Mr. Vernon-Harcourt less than did another finding.

Of the two alternative statistical breakdowns, he—like I—would have expected the one based on the companies' turnover to show the greatest influence over munificence of pay. But instead, the study found numbers of U.K. employees to be the better indicator, as the summary figures in the table illustrate.

May this mean, I wonder, that the limit is now, not the sky, but the walls—that the prime factor in companies' executive-pay policies has become the bureaucratic yardstick of span of control as measured by numbers employed, instead of the organisation's success as measured by sales?

Fortunately for my optimism, there is no reason as yet for believing that a general tendency is depicted by this study (a full report on which is available for £19.50 from Tony Vernon-Harcourt at 25 Milk Street, London EC2V 8JE—telephone 01-606 7070). The construction industry might be a law unto itself.

But we shall know for the better, or the worse before long because Keyser Ullmann is planning to do similar surveys over the next few months, first in the engineering and industrial holding company sector, next in consumer-goods manufacturing and retailing, and thereafter in financial services. I hope to keep readers informed of the main findings as these become available.

TYPICAL TOP EXECUTIVES' PAY

Range of turnover	Below £15m.	£15m.–£25m.	£26m.–£50m.	£51m.–100m.	£101m.–£200m.	Over £200m.
	£	£	£	£	£	£
Chief executive	16,000	19,000	21,500	28,000	24,500	36,500
Senior director	13,750	16,250	21,250	21,250	21,250	23,750
Director	13,750	13,750	16,250	16,250	16,250	21,250
Senior staff	under 10,000	about 10,000	10,000	10,000–15,000	10,000–15,000	about 15,000

Numbers employed	Below 1,000	1,000–2,500	2,501–5,000	5,001–10,000	Over 10,000
	£	£	£	£	£
Chief executive	16,500	24,000	25,500	30,000	40,000
Senior director	13,750	18,750	21,250	21,250	26,250
Director	11,250	16,250	16,250	18,750	23,750
Senior staff	under 10,000	about 10,000	10,000–15,000	15,000	15,000–20,000

International

DAVE MASON JOHNS, of PA Advertising, is looking for an international credit manager on behalf of a European division of the U.S.-owned textiles group, Burlington Industries.

The whole group's turnover is put at roughly £1.2bn., of which the division concerned presently contributes about £100m. The new credit chief is expected to play an important part to lifting the figure to £150m. sales income a year by the very early 1980s.

Based in the U.K.—I gather, probably in London — the recruit will have a department of about three people working here. But the responsibility will also cover similar departments working in Germany and Italy. Between these two countries, the customary delay between delivery and payment is said to vary from almost immediately to around six months. But the division's average record at the moment is apparently about 80 days.

The prime task of the job, of course, is to devise and execute procedures and policies to improve this average. But since customers' customs are tricky things to play with, sensitive judgment of credit-management based on consummate experience, preferably with a multi-national organisation is the main qualification.

Fluent English and French are basic needs, and a further language would help. Some idea of travel involved is given, by the way, by the fact that the newcomer's direct reporting responsibility will be to divisional treasurer Sergio Roncolini, whose base is some 50 miles south of Rome.

The age indication is 30-40. Salary, on the other hand, is not disclosed. Even though guessing is complicated by the fact that the division would certainly consider English-speaking candidates from other countries, however, I am going to risk a personal estimate of the likely figure. Let's say up to £12,000. Perks negotiable.

Applicants should write outline details of appropriate experience to Mr. Mason Johns at PA Advertising, Hyde Park House, 60a, Knightsbridge, London SW1X 7LE.

Accountant

A TRAVEL "buff" who is also an experienced commercially minded accountant is managing director Bruce Lyon's idea of the most likely candidate for the new chief finance specialist at his Twickenham Travel company.

Although having but 45 employees, the concern turns over about £500,000 a month in selling a wide-range of holidays and likewise, including specialities such as wild-life trekking. The main need, he says, is for someone demonstrably able to cope with all aspects of cash control, and foreign currency dealings, involved while supervising the routine accounting in the hands of a staff of five. An accountancy qualification is not essential, but would be all to the good.

"Age is immaterial," says Mr. Lyons — who, incidentally, is interested in computerising the accounts if this could be done appropriately—"so long as the experience and energy are right."

Salary range £6,000-£7,000. Applications in writing to the M.D. at 22, Church St., Twickenham, Middlesex. He may be telephoned with inquiries at 01-892 7606.

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The second requirement is for an executive with some experience in international corporate finance or banking, who would like to gain a greater experience in this area. The successful candidate is likely to be a graduate and/or have a professional qualification or equivalent. He or she is likely to be aged between 24 and 28.

Candidates for both jobs should be internationally orientated, be keen to travel, and preferably fluent in another language.

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CONTROLLER Reference–ES 530

The Controller will have responsibility for supervision of all accounting activities of the organization, reporting to the Director of Financial Services.
Candidates should have a high level of professional qualification – Chartered Accountant or equivalent and a university degree – and a minimum of ten years' successful experience, preferably with an organization engaged in international operations, which should include preparation of monthly financial reports for management and the development and implementation of accounting systems and procedures. Experience in planning and implementing mechanization of accounting systems is desired.

INTERNAL AUDITOR Reference–ES 720

The Internal Auditor will be directly responsible for planning and carrying out financial and operational internal auditing for the organization, reporting directly to top management, and will be involved in liaison with the organization's external auditors.
Candidates must be professionally qualified, preferably a Chartered Accountant, with a background of auditing experience gained in the internal audit function of an international group or with an international audit firm, and should have had a minimum of five years engaged in planning and managing audit activities.

Specific qualifications which apply to the two positions are:

- age from 35 to 50 years;
- fluency, both spoken and written, in English is essential – as well as in one other language such as French or Spanish or Arabic.

Salary and total remuneration, which will be net of tax, and other terms of employment will be fully consistent with the levels of responsibility of these positions, and with the qualifications and experience presented by the successful candidates. Career prospects are excellent. Initial contract is for two years.

Applications, which will be treated in strict confidence, should contain detailed curricula vitae including personal particulars and qualifications and experience related to the position, and indicate the reference number of the position applied for. Applications should be sent as soon as possible to Price Waterhouse & Co., MAS Department, Via Aniene 30, 00198 Rome, Italy.

PW

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Candidates, in the age range of 35-50 years, should preferably have a University degree or comparable qualification and should be able to demonstrate:–

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- experience in, or responsibility for marketing and selling, preferably of services.
- a good understanding of financial and cost control and budgets in practice.
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Please reply to us quoting reference CG/1290/FT on both envelope and letter. Men and women are invited to reply. Letters will be forwarded, unopened, to our Client. If there are any companies to which you do not wish your application to be sent, please indicate this in a separate letter addressed to the Security Officer.

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The Personnel Director,
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British Gas, one of the largest and most successful growth industries in the United Kingdom, has two key vacancies in the Treasurer's Department at its Headquarters in High Holborn. The vacancies offer high potential for enthusiastic and commercially motivated young graduates or accountants. One post involves assisting in, and at times carrying the responsibility for, the management of the Corporation's sterling loans and investments in the London Money Market. (Reference F/223801). The other post involves advising on foreign currency exposure management, exchange control, export credits, foreign exchange dealing and the negotiation and administration of foreign currency loans including project finance. (Reference F/220201).
Probably in their late 20's, applicants, male or female, should possess a financial background and relevant professional qualifications, and have acquired sound commercial experience. They must be self starters who can communicate effectively with senior management, and show flair for commercial negotiations. The current salary range (under review) is £6700 pa to £7850 pa.
Assistance will be given with relocation expenses, where appropriate. Write, giving full details of age, qualifications, experience and current salary, quoting the appropriate reference number, to the Senior Personnel Officer (London), British Gas, 59 Bryanston Street, London W1A 2AZ.
Closing date for applications 27 May 1978.

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Our client, a leading New York bank, seeks an experienced Foreign Exchange Dealer to re-locate permanently to Canada and assume responsibility for its Canadian subsidiary's Toronto Office, Foreign Exchange Dealing and Treasury operation.

Candidates should have at least 3 years' Foreign Exchange Dealing experience, a proven record of achievement and be currently active in the market.

Remuneration will be commensurate with experience, initiative and ability and a starting salary of between C$20-30,000 will be paid, together with a comprehensive range of fringe benefits including a pension scheme and a house-purchase scheme. Relocation expenses will be met in full.

Applicants should write, in confidence, enclosing a full personal history and indicating to which companies, if any, their application should not be referred, to:

L. Duskwick, Esq., (Ref: CRS/48), Lockyer, Bradshaw & Wilson Limited, North West House, 119/127 Marylebone Road, London NW1 5PU.

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It is unlikely that anyone not already in their mid-thirties will have had the appropriate experience.

For this London-based post the initial salary will be in the range quoted above. Other conditions are of a high standard.

For further information and an application form write, or telephone:
W. Cockburn, Director, Central Finance Planning,
Post Office Central Headquarters, 23 Howland Street, London W1P 6HQ.
Tel: 01-631 2495.

Closing date for receipt of applications 23 May 1978.

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The above vacancy is open to both male and female candidates

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CREDIT ANALYST — c. £6,000
Our client seeks a person in his/her mid 20's with 2/3 years previous Credit Analysis experience, preferably gained with a U.S. bank. Candidates should also have knowledge of Eurodollar Syndications, and fluency in French or German will be an added asset.
Contact: Norma Given, Director

INTERNAL AUDITOR — £6,000+
Our client, a leading international bank, seeks an experienced internal auditor who has good all round international bank experience. The ideal candidate will be an A.I.B. and will be not older than 30. This is a position with good promotional prospects and includes a considerable measure of responsibility.
Contact: David Grove

YOUNG BANKERS — to £4,500
There are currently several opportunities available for young bankers with experience in various departments of international banking. Among the areas where vacancies currently occur are Foreign Exchange, Accounts, Eurobonds, General Banking (including Cashiering), Reconciliations, Bills/Documentary Credits and Loan Administration. Salaries range from £3,000 to £4,500.
Contact: Norma Given, Director

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

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c.£10,000 p.a.

This well established, profitable, computer company, part of a public group based in Sussex, is seeking to appoint a qualified, appropriately experienced accountant to the management team.

Whilst there will be day to day financial control responsibility, using computer systems and competent staff of an existing Accounts Department, priority for the person appointed will be development of the business. Substantial growth from the present turnover of £12 m. is envisaged requiring contact with financial and other organisations both in the U.K. and overseas.

The Financial Controller will be responsible for a wide range of financial presentations to Boards, Employees and Customers. To the starting salary, which is negotiable, will be added a car and relocation expenses, as well as other fringe benefits appropriate to such an appointment.

Please write with adequate particulars, in confidence, to John Finnigan, Personnel Services Division of:–

Spicer and Pegler & Co.,
Management Consultants,
3 Bevis Marks,
London EC3A 7HL.

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c.£8,000. New appointment. Leeds.

EMI Social Centres Limited, a division of EMI Entertainments is one of the largest Companies of it s kind in Great Britain.

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This appointment offers challenge and excitement with opportunities for Innovation. Promotion prospects are excellent within the EMI Group and benefits will include full relocation expenses.

In the first instance apply in writing with brief details of your qualifications and experience to Mr. John Lehaney, Finance Director, EMI Social Centres Limited, Cavendish House, 92 Albion Street, Leeds LS1 6AG.

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Chief Management Accountant
Overseas Contracts-UK based
c.£7500 p.a.

Our client is a large engineering concern situated in a rural/urban area of North Hertfordshire whose business activities have an overseas trading bias.

They now seek a Management Accountant to head up a Management Accounting Team. This will involve responsibility for all aspects of financial control in respect of production and development contracts and liasing with and advising senior management in the UK and overseas.

Applicants must be qualified accountants with experience of large overseas contracts.

The position is UK based, but some short periods of overseas service will be required with the opportunity of longer periods arising.

Salary is as indicated and conditions of service are appropriate to a major company.

Applications, including full details of career to date, will be treated in strict confidence and should be forwarded to R. M. Marshall (Ref 124) Robert Marshall Advertising Limited, 30 Wellington Street, London WC2E 7BD. Please list, in a covering note, any companies to whom you do not wish your application forwarded.

Robert Marshall Advertising Limited

International Credit Management

Our client is a European Division of Burlington Industries Inc., a major US manufacturer. They are currently seeking a credit manager to be responsible for credit and collection policies and procedures applicable throughout Western Europe. The credit manager will report to the top management of the division. The level of sales and receivables is such as to require the highest standards of professional management — and a sound knowledge of European trading practices and terms. The candidate will therefore have at least ten years' experience in credit management — of which three to four will have been in international work, and will currently be occupying a fairly senior management position. As some travel will be required he or she should have knowledge of one or more European languages.

Salary will be fully negotiable according to age and experience and will be accompanied by a realistic benefits package. *Ref: S3686/FT*

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to whom they should not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

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LONDON
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Financial Analyst
Age 25-28 *c.£8000*

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Reporting to the Financial Accountant, the new man or woman is to be concerned with the analysis of budgets and accounts for UK operations. In addition there are requirements for investigations, problem solving and report writing in the sales, operations and financial areas within UK and Europe.

This appointment will suit qualified accountants preferably aged between 25 and 28 with at least one year's post qualification experience. Those who are graduates who have had experience in a large professional firm of chartered accountants or a large multinational company will have an advantage.

It is essential that all applicants should be prepared to relocate within UK, or to Europe, USA or elsewhere on promotion or for a career move.

Initial salary is around £8,000. Promotion is on merit and accountants may be considered for positions in sales, operations or line management if they wish to broaden their career when they have successfully proved themselves. The company has a positive inter-company management development programme.

Candidates, male or female, should write for a personal history form, quoting reference MCS/1998 to Roland Orr, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

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The requirement is for a qualified accountant, probably chartered, with a record of achievement at management level in a consumer product multi-national company. Familiarity with US accounting practice would be an obvious advantage.

Location North London. Age late thirties or early forties. The salary which is negotiable will be of interest to those earning £12,500 or more. There is a company car and a bonus.

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Assistant Pensions Administrator
Watford ***£4230/4687 p.a.**

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Finance Director
Swansea £8750

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A qualified Accountant with considerable commercial experience is required who would be responsible for the complete financial control of the Company's operation.

Experience with development and implementation of management information systems is essential and previous knowledge of the travel industry would be an added advantage.

Salary: circa £8,750 plus car.

Applications in confidence to:
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Apply for an application form, quoting ref. JED 1054, to ERP International Recruitment Limited, Clemence House, St Werburgh Street, Chester CH1 2DY. Tel: 0244-317886 (Ansafone after 5.00 pm).

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LONDON, EC3A 6BY.

Chief Accountant
Surrey **To £9000**

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The company is highly profitable and diversifying. It requires flexible, firm management able to cope with change and expansion.

The ideal candidate is likely to be a chartered accountant, about 27–35, with demonstrable success in running an accounting department of ten or more staff. Experience of U.S. reporting requirements or of the entertainments industry will be regarded as assets. Proficiency in a foreign language will be helpful.

Write in sufficient detail to make an application form unnecessary, quoting T866 to Sean Hesketh.

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Our client is a major shipping company, with extensive plans for expansion in the U.K. into related fields.

To service this planned development, a new subsidiary is being established and the successful candidate will be responsible for running the accounting function of the existing company and for developing computer based management procedures throughout the expanded operation.

Candidates will be qualified accountants probably aged 30/40 who are looking for a senior management role with a developing company. They should be self starters and able to communicate with managers and staff at all levels.

Successful performance will lead to an early Board appointment.

For further information and a personal history form please contact Nigel V. Smith, A.C.A. or Peter Dawson B.A. quoting ref: 2155.

Commercial/Industrial Division

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The Marketing Scene

Tesco joins the Texas trail

BY ELINOR GOODMAN, DALLAS, May 10

IF EVIDENCE were needed of the relative sizes of the British grocery industries, it was provided at last week's meeting in Texas of the U.S. Food Marketing Institute. The convention, attended by over 14,000 delegates, made the annual meeting of Britain's Institute of Grocery Distribution, held the week before in Brighton, seem like a branch of the local chamber of trade.

For three consecutive mornings, delegates had the choice of attending 10 ideas workshops. If they did not make it to the right theatre, they could have bought a tape recording of the session and taken it home with them. The number of people at some individual sessions was bigger than the entire delegates list at the IGD, and there was no hanging around—no breakfast would be served, the programme said sternly, after 8.30, and delegates were asked to rate sessions on a scale of 1 to 10.

At noon, the floodgates to the exhibition floors in the vast Dallas convention centre were opened. There, in an area four times the size of the average Carrefour hypermarket, were displayed wares of the U.S. grocery industry. Walking round it was like entering a food marathon. Interspersed between an enormous number of different food stands were the equipment *manufacturers*. The longest queues were generally at those stands showing the new kind of automated scanning checkout where computer executives showed off the wonders of the scanning system with the enthusiasm of schoolboys who had just received a new train set.

Amid it all, the Elsie Borden Dairy Company's ovine answer to the Brooke Bond PG chimps placidly chewed her cud and seemed oblivious to it all. An old hand at exhibitions, she was described by one of her enthusiastic attendants as the "most efficient food processor in the building."

Not all the dozen or so British visitors were overly impressed by the originality of the ideas on offer. But just by virtue of its size, the U.S. market will always provide for Europe's retailers. Last year, food sales in the U.S. reached $162bn. and within a market of that size there is no single formula for success. At one end of the scale, for example, the German discount ALDI is taking sales away from local supermarket chains by opening its own particular brand of no-frills cut-price operation. But in other places, other companies are successfully building sales by increasing their customer services with the addition of attractions such as consumer advice bureaux.

It is not only the size of the market which permits this freedom. While opinions vary on what exactly is happening to net profits, depending on which set of figures you use, there is no doubt that U.S. retailers' gross profits are not under the same pressure they are in the U.K. The same is true of sales. U.S. retailers may be worried because they no longer enjoy the same automatic sales growth they did in the 1960s.

But they are not *having* to cope with the fall in demand that has taken place in Britain. The general feeling seems to be that except in isolated areas such as Los Angeles and parts of the Mid-West, price competition has lessened over the last year. Gross margins are now said to be generally easing up again as retailers anticipate the imposition of statutory price controls, despite an assurance from President Carter to the contrary.

Instead of putting all the emphasis on price, retailers are using other forms of promotion. Games like bonus bingo are big in some areas, while other chains are asking customers to collect till receipts in much the same way as they used to save trading stamps. The figures suggest that stamps themselves made a small comeback last year—from 10 per cent. of supermarkets giving them to 12 per cent.—but nobody seems to expect them to recover to anything like the 80 per cent. penetration they achieved in the 1960s. American retailers to-day, it is said, want promotions they can move in and out of according to competitive situations, rather than ones which demand long-term commitment.

> **"Last year, food sales in the U.S. reached $162bn., and within a market of that size there is no single formula for success. While U.S. retailers may be worried because they no longer enjoy automatic sales growth, they are not having to cope with the fall in demand that has occurred in Britain."**

Developments discussed at the *Dallas convention were a blend* of the familiar and the unfamiliar in terms of European markets. On the unfamiliar side there was the extraordinary growth of the convenience stores of the kind run by the Southland Corporation under the name of 7-Eleven. There were more of these shops—most of them very small by British standards—opened last year than supermarkets.

Unfamiliar, too, was the preoccupation with the threat posed by take-away food operators, though this may well become more of an issue in British food retailing if consumers have more money to spend. In response to the same demand for foods which require a minimum amount of preparation by the working U.S. housewife, microwave ovens are far bigger sellers in the U.S. than in Britain.

The Americans are also more advanced in the use of automatic scanning systems than the British. Even so, they have not exactly swept the nation. Despite all the talking, only 250 stores or so are now using this type of checkout.

But if the Americans still lead *the way in this kind of development*, two of the trends which are currently worrying retailers in the U.S. are European exports—limited range assortment stores similar to those run in Britain by Kwiksave, and unbranded goods.

It was the German company ALDI that introduced the concept of limited range stores to the U.S., but there are now a number of homegrown imitators. The U.S. supermarket establishment seems to believe that such stores will never make big inroads in the States, where customers expect their goods to be wrapped for them and demand a smile from the checkout assistant almost as a right. But with food price inflation expected to pick up again this year, prices are still a keen issue and variations on the box store are emerging all the time.

The advent of retailers' unbranded lines, similar to the *produits libres* introduced in Europe by Carrefour, is another aspect of the same ball game. In the last 12 months a number of chains in the Mid-West have come out with unbranded generic lines which are packed in deliberately plain-looking wrappers and are considerably cheaper than most traditional own-brand and branded lines.

Again, the U.S. grocery establishment, at least as represented by the panel of grocery trade magazine editors that addressed other journalists on the subject, seem opposed to them. Their view is that they are cheap and nasty products which offer the consumer no benefit.

The fact that U.S retailers should be so concerned about two developments which originated in Europe is itself an example of the way things have changed over the last 10 years. In the early days of self-service, Americans had a clear lead in the *development of new food* retailing techniques. Now the situation has been at least partially reversed. Certainly one British retailer thinks he could beat the Americans at what was once considered their own game. Among the British visitors to Dallas was Ian Maclaurin, Tesco's ebullient managing director. His purpose in being in Texas was not merely to attend the convention. He was also looking for a local supermarket chain to buy.

St. Bruno still hoping for our magnanimous approbation

BY MICHAEL THOMPSON-NOEL

NEWS THAT OGDENS, the Imperial Tobacco subsidiary, was on the look-out for a new St. Bruno Girl was bound to capture headlines in the pops, and so it did. It was also certain to generate an avalanche of applications, and so it has. In the past ten days, hundreds of telephone calls have been received at the production company, plus 30 to 40 letters a day. Four of the calls were from men.

But behind the froth of the St. Bruno Girl's image lies a deadly serious market tussle. In the year to last October, sales of pipe tobacco reached 10m. lbs worth £120m. at RSP. At present, market leadership is shared by St. Bruno and Gallaher's Condor, which have around 20 per cent. each, with Benson and Hedges Mellow Virginia the third member of pipe tobacco's Big Three.

Naturally, they're heavily advertised. Last year, on a MEAL basis, the expenditures were £595,100 for St. Bruno, £353,500 for Condor and £441,500 for B and H Mellow Virginia out of a total in this sector of £2.7m. But the TV campaigns for the Big Three brands differ conceptually. The Condor ads plug personal satisfaction, the Mellow Virginia campaign seems to concentrate on the aromatic qualities of pipe tobacco, while St. Bruno is sold on a platform of social acceptability.

Thus the Girls. The agency involved is Savino and Co. When it took over the St. Bruno account in March, 1976, St. Bruno's brand share had slipped from 20 to around 17 per cent. thanks to some catchy but negative advertising over the preceding seven years.

In November, 1976, Savino hired the first *of the St. Bruno Girls, the remarkable Sulina* Judd (see picture) who received £10,000 for 12 months' work which involved numerous promotional appearances as well as lisping beautifully into camera: "Show me a man with St. Bruno in his pipe and I'll show him my magnanimous approbation." Girl No. 2—the policy is to change them after 12 months—was the equally delicious Sandra Dickinson. Girl No. 3, who will start work early next year, will be encouraged to take an even more humorous approach.

The Savino agency, now billing £2m., readily agrees that the original intention of the campaign was to attract attention; now that it has, it hopes Girl No. 3 will continue to edge St. Bruno's market share in an appropriate direction. The short-list for the job is now down to four, though further applications will no doubt receive attention. St. Bruno Boys need not apply.

Banjo pick-up for Bates

THE TED BATES AGENCY, which has taken some knocks recently, has received an important pick-me-up with confirmation that Mars is putting at least £2.5m., including an estimated £1.2m. above-the-line, behind its biggest-ever U.K. launch. The product is the Banjo chocolate snack bar, which has already been extensively tested and should achieve sales of at least £16m. by the end of the year. The hope is that Banjo sales will eventually match those of the Mars Bar itself.

● **LEO BURNETT** has backed out of the eight-strong short list for the £1.5m. New Zealand Lamb account, saying clients should not judge agencies on the results of three to four week's intensive speculative work but on their continuing contribution to their existing clients' businesses.

● **HARRISON McCANN**, the McCann-Erickson satellite formed just 15 months ago, achieved a 142 per cent. spurt in MEAL billings in the year to March 31, and is now virtually on the £10m. mark. David Wethey, ex-Nielsen and Interpublic, has joined as head of client services.

● **BURTON CLAIMS** its current advertising is increasing the chain's appeal to the younger male market, and is spending a further £320,000 between now and mid-June via McCormick Richards.

● **ROYDS** has picked up the £350,000 Dublin-based B and I business. The shipping line says it is about to embark on major development.

● **FELICITY GREEN**, managing director of Vidal Sassoon Europe, says that the autumn launch of the new range of Sassoon hair-care products will be backed by heavy advertising via Rowe Downton. The account was previously with Dorlands.

Man on the road now costs £12,000

BY RUDI GOLDSMITH

THE LATEST SURVEY on the cost of salesmen carried out by Sales Force reveals a considerable fall in the annual pattern of cost escalation that has appeared in recent years. Co-operating companies' returns refer to the year 1977, but rather fewer companies co-operated this time, 38 as against 49 in the 1976 survey. Overall costs are 15.3 per cent. up on that year, as against those of 1976 which showed a cost rise of 26 per cent. over 1975. Some of the specific cost features which are worth commenting on are as follows:

Salesmen's remuneration: The increase of 16.8 per cent. in the 12 months of 1977 appears partially to reflect their changing role—that is, the assignment to them of more difficult tasks, coupled with the progressive exclusion of simple functions such as shelf filling in supermarkets which are now being handled by women merchandisers. This has led to the exclusion of many junior salesmen and accounts for a part of the average rise of salesmen's remuneration.

Car depreciation: This clearly reflects the conventional accounting procedure of recovering the original purchase cost of a vehicle over its life. In the more correct financial sense that a company continuing in business has to replace its assets, this depreciation figure understates the inflationary impact of the cost of new cars. It is in very simple terms a good example that a true business assessment is no longer being reached by conventional accounting methods which, because of tax regulations, tend to ignore the cost problem of replacing assets.

Faster car replacement: In 1977 cars were being retained for an average life of 2.15 years (2.3 in 1976) and were discarded after an average mileage of 21,000 a year. The average purchase cost of cars was just below £2,500. Two-thirds of the cars used by salesmen were under 1,500 cc and almost one-third between 1,500 and 1,750 cc. Ford dominates the fleets of reporting companies, accounting for 60 per cent of the total, with Leyland a poor second at 18 per cent. The most surprising finding was that, for all intents and purposes, there were no foreign cars in these fleets.

Car service and repair costs: The low increase in car service and repair costs appears to reflect a policy of faster car replacement. The loss of interest on capital in respect of purchase has risen by 7.5 per cent. and this is consistent with a faster replacement policy counteracted by a decline in interest rates between 1976 and last year.

Salemens' expenses: A further shift towards keeping salesmen working largely from their home base has caused a fall in the average annual cost of "away-from-home" expenses. The actual cost per night of a representative staying away from home has of course increased, but the number of nights so spent has declined and salesmen are now expected to service a wider radius of customers from their home base.

Sales management: There has been a shift to national sales management and away from area management. Certain area management duties, such as key account service of multiples, appear now to be handled to a greater extent by key account salesmen who do not have other management functions; with the decline of sales forces, area managers are now expected to supervise larger territories than previously.

Sales analysis, secretarial and internal administration: Expenses, under these headings, have risen much more than pro rata during the 12-month period and this rise follows a consistent pattern of many earlier years. It is quite *clearly* a feature of current sales management thinking that calls have to be more thoroughly planned and followed up with good administrative assistance.

It makes good economic sense that, as the cost of salesmen increases, their work has to be more thoroughly planned and directed. As more and more companies turn to computing their data records, far more specific and detailed analyses become available which in turn yield invaluable pointers to sales potential.

Comparison of cost between contract salesmen and permanent representatives: In an earlier survey by Sales Force companies recorded a growing awareness of vacant territories and the need fully to service them, even during vacation periods. As vacation times are extended, and as progressively more salesmen are entitled to four weeks' annual holiday, a serious territory service problem has come to be recognised.

In our survey, only 27 per cent. of an average salesman's time is now spent on calls on independent retailers, with a similar amount of time being spent on calls on wholesalers, head offices and key accounts. The remainder of his time is dedicated to multiple branches.

Given that the average salesman now spends only 43.8 weeks a year on territory as against 44.5 in 1976, the inclusive cost per salesman's working week has risen to a startling £275. This is considerably higher than the weekly cost of a contract salesman, who, inclusive of personal remuneration, expenses, car allowance, campaign planning and supervision during a campaign is available at £190 a week when working from home.

Clearly a contract salesman does not by himself save the fixed costs of national sales management, but even after making allowances for these costs it is surprising how the relative rates have separated over the years.

Rudy Goldsmith is chairman of Sales Force.

REPRESENTATIVE BUDGET FOR 12 MONTHS

	December, 1976 £	December, 1977 £
Cost of recruitment (advertising, interviewing, etc.)	104	96
Remuneration (including bonus, commission, prizes, National Insurance and company pension)	4.485	5,240
Company vehicle—depreciation	391	477
service and repairs	233	250
licence, insurance and non-insurable damage	138	158
loss of interest on capital	228	245
Expenses for operations from home:		
1976—39.5 weeks @ £36	1,422	—
1977—40.6 weeks @ £42	—	1,705
Expenses for operations from hotels:		
1976—5 weeks @ £116	580	—
1977—3.2 weeks @ £127	—	406
Sales Manager (inclusive of secretary, expenses and overheads)	421	545
Area manager (inclusive of expenses and overheads)	1,315	1,389
Wages calculation	35	46
Sales analysis	308	347
Secretarial (including overheads)	318	515
Stationery (daily reports, expense claims, postage telephone out, accounts)	318	437
Training	147	190
TOTAL	10.443	12.046

LOMBARD

Supervising the Banks

BY MARGARET REID

CONSIDERING the City's narrow escape from disaster in the 1973-74 secondary banking crisis, it is strange how little stir was caused by the Bank of England's recent paper about the resultant "lifeboat" rescue for the Wilson Committee.

The paper contains a few nuggets of new information and is not entirely devoid of self-criticism. Moreover, the process of self-analysis promises to be taken a stage further. For the paper says that "the question of the lessons learnt from the secondary banking crisis and the support operations will be dealt with in evidential papers to be *submitted by the Bank . . . in* due course."

Learning process

It is thus appropriate to suggest directions in which the learning process might be concentrated.

First, though, it is worth noting that the recent paper, while justly claiming general success for the operation, does not explain why the Bank judged it necessary to be so protective for so long to virtually defunct large secondary banks long after the crisis had passed. There is also, as yet, no tally of the likely ultimate cost of the whole operation to this public body—it will certainly be far beyond the £5m. acknowledged as a *realised loss to date.*

What the paper makes clear is that the Bank's channelling of loans into the rescue—a different matter from the final money bill—was greater than has often been thought.

Not only did it contribute 10 per cent. of the lifeboat loan total of £1.2bn. at its peak (£120m.). It also put out an extra £85m. in the worst days at the end of 1974 after the big banks had made their "thus far and no further" decision and before the total amount needed started falling. Then the Bank also itself shouldered another burden, as the paper indicates in paragraph 37. It paid off the "relatively few" outside depositors in collapsing banking companies, itself taking over these debts, which one can guess must be of little value. The three companies concerned are believed to have been London and County Securities, Triumph Investment Trust and Cannon Street Acceptances. The Bank also later provided backing running into a number of tens of millions of pounds—a good deal of which may be unrecoverable—for Slater Walker and Edward Bates. But not all these various sums were outstanding at the same time.

The Bank's paper dwells on the complex variety of statuses—authorised, Section 123 and Section 127—which various concerns in and around the banking field had come to have by 1973.

The Bank has tightened up its supervision of banks in recent *years and legislation has long* been awaited to implement the White Paper of August 1976 "The Licensing and Supervision of Deposit-Taking Institutions." Under this, top class concerns would be authorised by the Bank of England to call themselves banks, while other deposit-taking bodies could only operate under a licence granted by the Bank.

This system will no doubt have merits. But it is fair to ask whether the decisions to be made by the Bank of England as the regulatory authority under it should not be subject to some system of checks and balances, given their high importance. After all, the Bank itself gave Edward Bates, which afterwards required expensive rescue, authorised bank status right at the outset of the secondary banking crisis. And, earlier, it had allowed Slater Walker to retain the authorised status of Ralli Brothers (Bankers) which it had taken over and given its own name. Both were afterwards shown to have contained the seeds of disaster.

One point which is not often made is how difficult it is for a supervisory agency, however eminent, to swim against a prevailing tide of opinion and resist being swayed into undue euphoria in its decisions at times of a buoyant financial climate.

A cross-check

Would it not have been hard for the Bank of England to have denied authorised status in 1971 to Slater Walker, when its reputation and that of its chairman, Mr. Jim Slater, were at their zenith? Would not a negative decision then have looked like the bloody-mindedness of officialdom? Yet afterwards the investigating accountants' report published by the company itself in 1976 pinpointed "inherent weaknesses" in Slater Walker bank's policies.

The Bank of England does of course carefully take soundings before reaching decisions on supervisory questions in particular cases. But might there not be a case for its being obliged, in connection with proposed authorisations formally to consult with another body—the new Council for the Securities Industry, in ultimately widened shape—as a cross-check that would throw up any well-founded dissentient view?

Why the Brick ruling is taking a battering

BUSINESS AND THE COURTS

By A. H. HERMANN, Legal Correspondent

THE ILLINOIS Brick decision of the U.S. Supreme Court, restricting claims for treble damages to *direct* purchasers injured by a violation of U.S. anti-trust laws was passed nearly a year ago on June 9, 1977. The decision ruled out such claims by those injured *indirectly*—for example, because the first purchaser passed on to them the price increase resulting from monopolistic practices or illicit price agreements.

The date is of some importance as several of the numerous *legislative proposals*—designed to overturn this Supreme Court decision and give the right to sue to those right down the distributive chain, as far as the final consumer, would provide for retroactive effect back to June 9, 1977.

Most of the Bills were introduced last summer, almost *immediately after the Supreme* Court decision, indicating the strength of the reaction generated not only by the consumers' and lawyers' lobby but also by certain State administrations which were hoping to recover in this way some of the excessive costs paid for public works and supplies. However, the legislative efforts of those trying to expand the right to sue for anti-trust violations made further progress this spring when a House Subcommittee Staff Draft led Representative Seiberling to introduce a more modest, and therefore more generally acceptable Bill (H.R.10783), which deserves the attention of all who are doing business in the U.S. This could include not only businessmen who have an agent there but also those who happen to sign a contract concerning supplies which never touch U.S. soil in a New York hotel.

Even when restricted to the parties *directly* involved in a commercial transaction—as it is now — the possibility of private criminal prosecution with the prospect of cashing the fine created by Section 4 of the Clayton Act has led to the growth of a sizeable litigation industry. In some cases, particularly when an action is brought on behalf of a whole class of persons whose business or property has been injured by a violation of anti-trust laws, the only profit goes to the lawyers involved.

It is therefore understandable that the Supreme Court is reluctant to increase dramatically the number of those who, or on whose behalf, such actions can be brought. It resisted taking into consideration the "passing-on" of the excessive price ten years ago when it was used as a defence by the United Shoe Machinery Company against a treble-damage suit from the Hanover Shoe Company. Accused of monopolising the industry and refusing to sell machines, United argued that Hanover suffered no damage as it passed any increased costs on to its customers. The Supreme Court did not accept this defence.

In the more recent *Illinois Brick* case, the shoe, so to speak, was on the other foot. Here the Court denied the State of Illinois and 700 local authorities the right to bring a treble-damage suit for price-fixing against the Illinois Brick Company, except when they purchased the building material directly from the company. In other words it ruled that "pass-on" could not be used offensively, much on the same grounds as it ruled out its defensive use in the *Hanover Shoe* case. It has been asserted that the Federal Government alone stands to lose $205m. in pending suits as a result of the *Illinois Brick* decision. A heated public debate followed between *the supporters of this decision* and those wishing to overrule it by legislation and it has now been coolly reviewed by the America Enterprise Institute (Legislative Analysis No. 22, 95th Congress). This study analyses the Bills pending before the U.S. legislature and also lists some alternative proposals.

One of the most disputed problems is the effect of the Illinois Brick decision on the Hart-Scott-Rodino Anti-trust Improvement Act of 1976. Proponents of new legislation argue that by denying indirect purchasers the right of suit, the decision undercut the enforcement of the anti-trust laws by attorneys-general of any State who were authorised by the 1976 Act to bring suits in the name of the State to recover treble-damages for injuries suffered by individuals. Opponents of the proposed legislation argue that this type of "parens *patriae*" suit by the States has not been attacked but that the Supreme Court left the door open to further judicial interpretation later.

There is, of course, an almost general agreement that those who can pass on the higher price resulting from monopolistic practices have no urgent *cause to sue. On the other hand* the victims of the price increase—in particular the final consumer—may not be inclined to pursue the small claim as an individual, and might also find such a claim much more difficult to prove. The last legislative proposal (H.R.10783) would therefore enable businesses, individual consumer and State Attorneys to sue for damage passed on. However, the objection that such a piecemeal approach to legislation gives no thought to the effect which a flood of new suits would have on the entire judicial system seems to be valid.

A number of alternative suggestions have, therefore, been launched. The most radical of these is to replace the civil penalty—the triple-damages—by a fine imposed in criminal proceedings. This would require a minor legislative amendment to enable the Federal Trade Commission to impose fines higher than $US1m. for corporations and $US100,000 for individuals.

Less radical alternatives include the limitation of the offensive "pass-on" to Governmental purchases, to suits brought by State Attorneys, or to fixed percentage markup cases. Another proposal would allow pass-on based actions only *in cases of price-fixing offences.* Still another proposal tries to eliminate complications by restricting such suits to cases where the product is not altered on its way to the consumer.

The debate is clearly far from concluded. But whether the Illinois Brick decision of the Supreme Court is allowed to stand or new legislation overturning it is adopted, the consequences for business will be important and will reach beyond the frontiers of the U.S. The U.S. developments are also likely to influence, by their persuasive effect, the development of competition law in both the *EEC and Germany where these* laws are, like those in the U.S., of a penal character.

Ormonde distance could suit Crow better than Hot Grove

RACING

BY DOMINIC WIGAN

BOTH CROW and Hot Grove, from the respective camps of Peter Walwyn and Fulke Johnson Houghton, are particularly strongly fancied for to-day's Ormonde Stakes at Chester, and the race could well be the highlight of the whole meeting.

The likely outcome is a victory for Crow, the winner of the 1976 St. Leger and the runner-up in that year's Prix de l'Arc de Triomphe.

This good-looking Exbury colt whose best effort in a largely disappointing season last year, came when he finished fifth of 26 runners—little more than four lengths behind Alleged—has been working in brilliant style since joining the Seven Barrows string, and it will undoubtedly come as a blow to connections if he is beaten to-day.

In the belief that this searching 1 mile 5 furlongs trip will bring out the best in him, I take Crow a progressive sort, to outpace the four lengths Westbury Stakes winner, Hot Grove.

The remaining five runners seem out of it, although it would *not be a surprise to see Old* Bill, a disappointment at Newbury last time out, running considerably better than his John *Porter Stakes* form might suggest.

Barry Hills, so often the most successful trainer on this historic and unique track, could provide the answer to the Dee Stakes. He saddles the High Top roan Royal Pinnacle, who came so close to pipping the subsequent 2,000 Guineas winner, Roland Gardens, in Ladbroke's Blue Riband trial at Epsom last time out.

Incidentally, Hills will run his 1,000 Guineas winner Enstone Spark, next in the Coronation Stakes at Royal Ascot before challenging for the Nassau Stakes at Goodwood.

Yesterday, Chester undoubtedly belonged to Sea Pigeon. The eight-year-old became the first horse of his age to land the meeting's centrepiece, the Chester Cup, and he did in style.

Behind as usual until the final stages of proceedings, the Peter Easterby-trained gelding came with a wet sail to overhaul Assured in the final half furlong. At the line he was going away from his field under the steadier of 9 st 7 lb.

CHESTER

2.15—High Bird*

2.45—Crow**

3.45—Royal Pinnacle***

Planning lobby

MEMBERS of the Northern Economic Planning Committee, led by the chairman, Sir Maurice Sutherland, will meet Northern *MPs of all parties at the Commons* on Tuesday to discuss regional topics.

TV/Radio

† Indicates programmes in black and white

BBC 1

6.40-7.55 a.m. Open University. 9.41 For Schools, Colleges. 12.35 p.m. On The Move. 12.45 News. 1.00 Pebble Mill. 1.45 Chigley. 2.00 You and Me. 2.36 For Schools, Colleges. 3.10 Racing from Chester. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 The Mole and a Carnival. 4.25 Heads and Tails. 4.40 Laff-a-Lympics. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Magic Roundabout.

5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.55 To-morrow's World
7.20 Top of the Pops
8.05 Wildlife on One
8.30 Happy Ever After
9.00 News
9.25 Lyrics and Music by Irving Berlin (90th birthday celebration)
10.15 The Prince of Wales presents Face Values
11.05 To-night in Israel
11.45 *Regional News/Weather*

All Regions as BBC-1 except at the following times:—

Wales—1.45-2.00 p.m. Mr. Benn. 4.40 Crystal Tipps and Alistair. 4.45-5.05 Tren Sgrech. 5.55-6.20 Wales To-day. 6.55-7.20 Heddiw. 9.25-10.15 Down Under—Here We Come! 11.45 News and Weather for Wales.

Scotland—5.55 p.m. Reporting Scotland. 6.15 Conference Report (*Scottish Conservative Party* proceedings). 6.25 Join BBC-1 London for Nationwide. 8.30-9.00 Current Account. 11.46 News and Weather for Scotland. 11.48-12.13 a.m. Bonn Comhraidh.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 a.m. Open University
11.00 Play School
2.00 p.m. Racing from Chester
4.55 Open University
7.00 News on 2 Headlines
7.05 The Engineers
7.30 Newsday
8.10 Living in the Past
9.00 Gardener's World
9.25 Israel—A Promised Land
†10.15 Midweek Cinema: 'Top Hat' starring Fred Astaire and Ginger Rogers
11.50 Late News on 2
12.00-12.10 a.m. Closedown (Reading)

LONDON

9.30 a.m. Schools Programmes. 12.00 Gammon and Spinach. 12.10 p.m. Daisy, Daisy. 12.30 The Child Wants a Home. 1.00 News plus FT index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 The Crezz. 3.20 Quick on the Draw. 3.50 The Sullivans. 4.20 Little *House on the Prairie.* 5.15 Mr. and Mrs.

5.45 News
6.00 Thames at 6
6.35 Crossroads
7.00 The Six Million Dollar Man
8.00 Get Some In!
8.30 Armchair Thriller
9.00 What's on Next?
9.30 This Week
10.00 News
10.30 Anniversary Concert
11.30 Drive-In
12.00 What the Papers Say
12.15 a.m. Close: Jo Maxwell Muller reads poetry by Laurie Lee

All IBA Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Women Only. 4.20 Rocket Robin Hood. 4.45 The Adventures of Black Beauty. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 7.00 *Enterprise.* 7.30 *The Six Million Dollar Man.* 11.30 The Streets of San Francisco. 12.30 a.m. The Living Word.

ATV

1.20 p.m. ATV Newsdesk. 4.20 Tarzan. 5.15 Happy Days. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Challenge of the Sexes. 11.30 The Royal Windsor Horse Show.

BORDER

†1.20 p.m. Border News. 5.15 Lassie. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 7.0 The Bionic Woman. 11.30 Man and Woman. †12.00 Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 6.00 Channel News. 6.10 Elephant Boy. 10.28 Channel Late News. 11.30 TV Movie: "The Woman Hunter." 12.45 a.m. News and weather in French.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 6.00 Grampian Today. 7.00 The Six Million Dollar Man. 10.30 Music in Camera. 11.00 Reflections. 11.05 Streets of San Francisco. 12.00 Stars on Ice. 12.30 a.m. Grampian News Headlines.

GRANADA

1.20 p.m. This Is Your Right. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 Get Some In! 7.30 Danger in Paradise. 11.30 What's On. 12.00 What The Papers Say.

HTV

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

RADIO 1 247m

(S) Stereophonic broadcast

5.00 a.m. As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Country Club (S) (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 a.m. As Radio 2.

RADIO 2 1,500m and VHF

RADIO 4

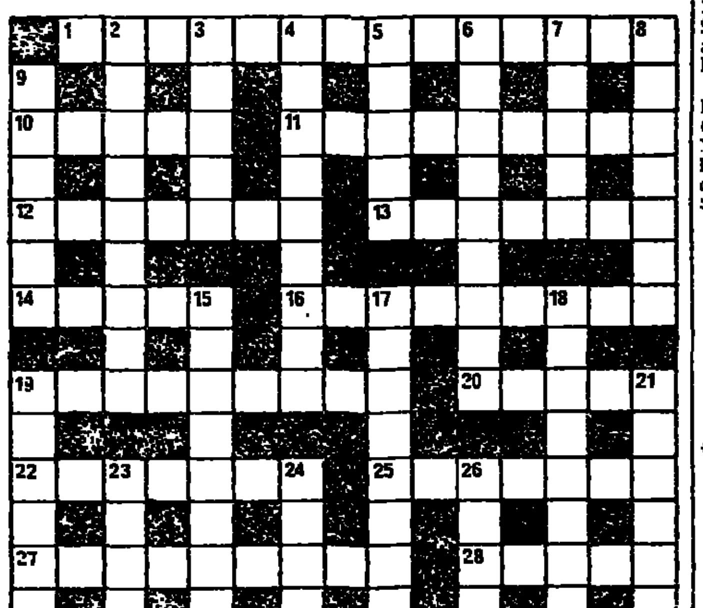
RADIO 3 464m, Stereo & VHF

BBC Radio London

London Broadcasting

Capital Radio

F.T. CROSSWORD PUZZLE No. 3,664



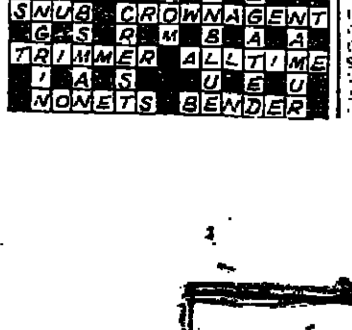
ACROSS

1 Fruit on Cockney's stairs [illegible]
10 Everybody round a town in Scotland (5)
11 Finished test stronger than average (9)
12 Dash over with an airy salute (3.4)
13 Crime squad has time and distance (7)
14 Right as to another kind of joint (5)
16 Everybody puts embargo on rugby players (3.6)
19 Does one Scots loch have to have stale quality? (9)
20 Tropical fruit for dad to handle (5)
22 Failure to keep appointment will bear examination (5, 2)
25 Fail to see one willing to go to embassy (7)
27 Fuss over share of worship (9)
28 Fashionable dog to suffer (5)
29 Everybody fit, well behaved and suitable (3.4.3.4)

DOWN

2 Wonderful time when dates *were plentiful* (5.4)
3 Everybody goes up to mother to see the animal (5)
4 Cut hand signal to radio band (5.4)
5 Is youth leader obliged to be poverty-striken? (5)
6 Device wired for getting to grips with documentary security (5, 4)
7 Perfume which upset artist is nothing to mother (5)
8 Ship outside frequently becomes conciliatory (7)
9 Boss making a mistake? (6)
15 Just placed to scold inferior (5.4)
17 Endure chap elected No. 11 at Lords (4.3.2)
18 Music enabling holiday island cricket club to get over one round (9)
19 Master takes Mark a bit of make-up (7)
21 Achieve score at Twickenham without cheer (6)
23 A charge to see coral island (5)
24 Twisted hip a student puts *in medicine bottle* (5)
26 Cast has broken member's support (5)

Solution to Puzzle No. 3,663)



ENTERTAINMENT GUIDE

OPERA & BALLET

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CINEMAS

هكذا من الأصل

English Bach Festival

Vivaldi

by RONALD CRICHTON

Vivaldi is 300 years old this year—a fact unlikely to escape the organisers of the English Bach Festival. Last night they provided a programme mainly devoted to his vocal music. To-night they offer, again in the same Elizabeth Hall, a concert performance under John Eliot Gardiner of the opera *La Griselda*. Last night's tribute was prefaced (as the opera will be) by a Purcell Room lecture from the Danish Vivaldi expert Peter Ryom, the "R" of the "RV" initials of the up-to-date Vivaldi numbering, likely to become as familiar to concert-goers as the "K" of Köchel's Mozart catalogue.

Praise to the EBF for not taking the easy way out and merely handing out platefulls of Vivaldi's concertos (though this programme began with "Spring" from *The Seasons* with John Holloway as soloist). In his talk, Mr. Ryom made high claims for the vocal music, not entirely borne out by the two works we subsequently heard, though they had qualities which made one wonder why that part of his output hasn't been more thoroughly explored. What promised to be the more interesting of the two was a *Gloria*, RV 588—not the familiar one in D (589) but another in the same key, with an identical "Cum Sancto Spiritu" chorus at the end which apparently is not by Vivaldi but G. M. Ruggieri.

As it turned out, the other work, a *Nisi Dominus* (RV 588) for contralto and strings, made the deeper impression for the art with which Vivaldi parcels everything out into precisely contrasted sections, varying speed, rhythm and instrumental colour so that the most chattersome Venetian gossip or English Grand Tourist must keep on listening. The work is worth hearing for one movement alone, the "Cum dederit" in Siciliana rhythm in which the soloist, Helen Watts, was especially satisfying. In attendance on Miss Watts were the EBF Baroque Orchestra conducted by Michel Corboz—the viola d'amore obbligato in the "Gloria" did not strike a very powerful blow for authenticity.

The "new" *Gloria* made a scrappy effect by comparison, though the same brightly packaged virtues were present in lesser degree—I couldn't get out of my head a sentence in Michael Talbot's article on "Vivaldi's Venice" in the April *Musical Times* about the "visitors in huge numbers, who . . . frequently departed with a memento, perhaps a painting or a musical score." The only number that went much beyond undeniably artful ear-tickling was a second Siciliana, this time with rustling accompaniment for violin and violas—"Qui sedes," sung by Miss Watts again. The remaining soloists were Jennifer Smith, Anna Bernardin and Edmund Barham—all of them good, as were the trumpet and the oboes.

Byzantine evening

by NICHOLAS KENYON

The English Bach Festival has regularly championed the music of Greece—its ancient chants, its folk music, and its new compositions—but it can scarcely have provided before now such an ascetic celebration of Miss Lalandi's native land as Tuesday's concert in the Elizabeth Hall. Two British premieres of works by Dimitri Terzakis (which are the only new pieces from any country being presented in this year's Festival) rubbed shoulders with a group of folk songs from Mount Athos, and a large selection of traditional Byzantine chants for solo cantor, sung by Lykourgos Angelopoulos.

It is as hard for the uninitiated to understand a rapid sequence of Byzantine chants as it would be for a Russian to disentangle a random selection of plainsong office hymns and Mass ordinaires sung by the monks of Solesmes. The mixture of periods and styles is extraordinary. Besides the simplest pre-17th-century pieces (of which we heard some attractive examples newly transcribed by Mark Dragoumis), there are elaborately melismatic pieces from the 18th and early 19th centuries which sound more than a little corrupt, and the positively cheerful *Kratimata* — rhythmic vocalises using nonsense syllables rather than texts.

Transcriptions of the chant in the West have made its rhythms uniform, but the Greeks clearly disagree fundamentally with such Western scholars as Egon Wellesz, and the Greeks have an unbroken, continuously developing tradition on their side. Angelopoulos strongly articulated and varied the pace of his rhythms, while maintaining the melodic flexibility which is the essence of the chant: it was a fascinating if necessarily somewhat baffling demonstration.

The music of Dimitri Terzakis has drawn from Byzantine chant its distinctive attitude to pitch: Terzakis believes that 12-note chromaticism is no more likely to succeed than diatonicism, and his earlier works (such as Stichiron, which the EBF premier in 1973) explored free movement around specified pitches—rather as the earliest chant notation specifies not a sequence of static notes, but different kinds of movement between notes. Terzakis' aim has been to create works which can be listened to horizontally rather than vertically, as interlocking "melodies" rather than as a sequence of harmonies.

The results, in the two pieces we heard on Tuesday, *Nomoi* and *Liturgia Profana*, sounded less original than the theory would suggest. In the first, the timbres chosen (clarinet, cello, santouri—a sort of Greek cimbalom—and percussion using predominantly small drums, glockenspiels and a bowed cymbal) pursued their separate horizontal ways, sounding very like a piece of primitive electronic music, too sparse to sound either co-ordinated or *not* co-ordinated. In the second, the use of microtonal pitches was perhaps inhibited by the very English contribution of the Saltarello Choir; at any rate, the piece emerged as a wan echo of the Byzantine sound-world, rather than as a powerful development of it. Yannis Ioannidis conducted both works with neat, Grecian grace.

Indian gold on show

Tight security will be in force when millions of pounds worth of Indian gold from Colombia goes on show for the first time in London in November.

The unique treasure will be the centrepiece of the Royal Academy's main winter exhibition, "The Gold of El Dorado" will be the most comprehensive show of its kind, outside South America.

Sir Hugh Casson, president of the Academy, said the cost of the exhibition would be between £250,000 and £500,000. Half of this will be met by Benson and Hedges and the remainder shared between the Academy and Times Newspapers.

The Academy attracted 637,000 visitors to its 16-week Pompeii Exhibition last year and Sir Hugh said it hoped to attract 750,000 people to the 18-week El Dorado exhibition which will open on November 18. Admission will be £1.20.

New York Theatre

Wilde on the defensive

by FRANK LIPSIUS

Vincent Price as Oscar Wilde

A one-man play about Oscar Wilde in the last year of his life, *Diversions and Delights* presents Vincent Price "as Sebastian Melmouth on the 28th day of November, 1899." This conceit, written by John Gay, and performed at Broadway's Eugene O'Neill Theatre, makes Wilde out to be a lonely, ailing exile, forced by a need of money to stand pseudonymously before a foreign audience, mixing *bons mots* with self pity, rambling anecdotes and evidence of deteriorating health.

Though pervasive bitterness and hostility are not alien to Wilde, they seem hardly the traits to emphasise in such an exercise. Seeing Wilde as primarily the tragic comic—a Lenny Bruce in velvet and rhetorical elegance—Gay uses Wilde's brilliance for petty self-pity: the suit that sent him to jail looms large in the play, making Wilde's own vindictiveness and powerlessness more significant than his wit and charm. If Wilde could condemn his own society for wilful persecution, he could see Americans three generations later as equally preoccupied with issues of Victorian morality, obscuring his talents in the effort at least to defend rather than condemn him.

Vincent Price, though more stately and older than one would expect of Wilde at 46, has a powerful presence that conveys the elegance and eloquence of the man. It is hard to think of Mr. Price as particularly funny, but the play does not demand it. In the second act, as Wilde gets more frail and affected by his absinthe, Price is particularly adept at portraying his decline and pitiful end. If only the play could have shown more of the man before his demise.

Of all the struggles in *Julius Caesar*, none seems greater in the production at the Brooklyn Academy of Music than director Frank Dunlop's tussle with the conventional interpretation of the roles. Casting against type and Shakespeare's lines, he has a small, somewhat mincing Mark Antony deliver the "Friends, Romans, countrymen . . ." speech in the high, undramatic voice of Austin Pendleton. Richard Dreyfuss, playing Cassius, is not lean and hungry: he is rather paunchy and makes gestures with stiff limbs. George Rose plays a Caesar in the decline of his powers, hesitant, though stately, embarrassed despite his having a stature obviously greater than those around him.

The unusual and interesting come so fluently to Frank Dunlop that he can work with almost any combinations and changes. He is always supported by careful staging, which in this case provides a crowd of imposing dimensions; it immobilises the noble characters when they usually float around the unadorned stage in graceful white togas. It makes a stunning effect in the open arena stage used in the production. But interesting as the casting might appear, it seems a strenuous effort, as though the director were making the best of limited resources and purposely courting controversy. This impression is only enhanced by one of the most unusual programme notes I can remember: "The production will be in a permanent state of change. . . . We will be rehearsing and re-rehearsing continually. It will be a work in progress: every day we hope, making new discoveries." There were, I am afraid to say, too many new discoveries, or at least too much of an effort to have new discoveries, the night I was in Brooklyn.

Based on Feydeau's first success written when the playwright was 30 years old, *13 Rue de L'Amour* includes all the elements of coincidence, romance, bumbling husbands and clever wives that were to mark his 39 successes in a 39-year career. Adapted by Mawby Green and Ed Feilbert for the Circle-in-the-Square repertory company, the production has the florid gestures, handsome people and beautiful sets one might expect of the Comedie Francaise, where Feydeau farces are still a mainstay.

With Louis Jourdan as the debonaire doctor out to seduce his best friend's wife, there could be no more romantic a Frenchman, and Patricia Elliott handles the wife's role with coy gusto. The rest of the cast especially Kathleen Freeman as the concierge at the trysting place, do an admirable job with the paces required of them by director Basil Langton.

It is just not great Feydeau. Hard as it is to believe, there are subtleties to be mastered, and master them Feydeau did. Here, however, every move is telegraphed, every line exaggerated, like an evening of watching a dog chase his own tail.

The Mighty Gents, a play about a once-proud, cohesive gang of blacks now down on their luck and self-esteem, opened on Broadway with high expectations after a short run in a repertory theatre. And the play does have its moments: the gang recalling its harmonic days singing an old pop song, a flashback where the gang leader's father, played by Frank Adu, tries to bring his son back into line, the gang leader's own fluctuation between despair and enthusiasm, played vigorously by Dorian Harewood.

Unfortunately, the play has far too pat a presentation of past glory and present decline to carry any conviction. The four black men had at one time been a respected gang, with numerous victories to their credit. They are now just unemployed—and even worse, made to seem anachronistic compared to the well-dressed, rich, gun-toting drug dealer whom they had looked down on in the gang days. He adapted to the seventies, being smart, stylish, successful, and unscrupulous. Seeing the lesson to be learned, the gang leader decides they should jump the drug dealer, but, not being criminals at heart, they ultimately botch the job.

The author, Richard Wesley, works too hard at bringing home obvious points, turning street characters supposedly living in Newark—one of the worst east coast ghettos — into Everyman-type symbols. The one exception, and a great asset to the evening, is Morgan Freeman as a drunk old man who reminds the gang of the future in store for them. His impassioned speech begging not to be ignored is a high point of the play and gives an indication of the author's abilities when he lets himself escape the constraints of his own unfurling plot.

Books Page will appear to-morrow

Record Review

Sounds of the Times

by ANTONY THORNCROFT

The Last Waltz: Warner Bros: K66076
Hope & Anchor Front Row Festival: Warner K66077
Saturday Night Fever: RS 02658 123

The tremendous demand for tickets for Bob Dylan's London concerts next month is gratifying. A Dylan revival is long over-due for he is undoubtedly the most important popular artist of the past two decades, much more so than Presley or the Beatles. They made musical breakthroughs, and produced the best songs of the weeks, but Dylan used music to hammer home the social revolution of the period, the arrival of youth as the creators of the mood of the times. Part politics, part poetry, part philosophy, Dylan's songs are the contemporary, and necessarily more populist and democratic, equivalent of philosophers, ancient and modern, who by influencing intellectual elites could, in the past, shift society. Dylan's work, however incoherent and derivative in melody, is the statement of an inarticulate, if educated, generation.

There are no recent Dylan recordings but he appears on *The Last Waltz*, a three-album set of the final public concert of The Band. This is an interesting, if rather disquieting experience, with The Band surrounding itself with artists like Joni Mitchell, Neil Diamond, Neil Young, Ringo Starr, and Eric Clapton, and a film crew to immortalise the occasion for cinema-goers. Inevitably it sounds like the requiem for an era: all those immensely rich, ageing musicians getting together for a last meeting of the elders. There is an establishment complacency about the music, which is quite lacking in imagination. The Band was always a rather heavy-footed combination, and it manages to drain the life from the guests. Only Dylan sounds as if it matters, with spirited performances of *Forever Young* and *I Shall be Released*. Neil Young makes the most of *Helpless*, with Joni Mitchell descanting in the background, but most of the others sound as if they wish they were back in their swimming pools watching the reunion on the video recording

As one generation ponders a narrowing future another attacks it vigorously from behind. We are not so proud of the "new wave" as we were of the Beatles, but the aggressive nihilistic music of what was punk has proved it is more than a publicist's invention. Indeed, the recording industry was initially very reluctant to embrace the nasty, rude, musically incompetent kids from the streets. Now they have, and the whole thing is beginning to sound quite good. Since new wave is basically unsophisticated music, going back to the roots of rock and very antagonistic to any pretension, or intellectual effort most of it is rubbish. But the past 18 months have proved that the new wave can be fresh, idealistic in an anarchic sort of way, and teeming with the energy which is so notably lacking from *The Last Waltz*.

Its virtues are well captured on *Front Row Festival*, a live double album recorded at the Hope and Anchor pub in Islington. The sound quality is above average for these occasions and the new wave bands manage a wider range of music than might be imagined. They all keep to short, sharp, bursts of noise, derivative of 1960, but often with politically slanted lyrics. The main difference from the live album of The Band is that there the artists are going through the motions before awed, reverential, fans while at the Hope and Anchor the gap between bands and audience seems minimal.

The most intelligent, and often older, new wave bands, like The Stranglers, Wilko Johnson, and The Pirates, take most of the honours, but there are nice performances from the Tyla Gang and the Steve Gibbons Band. There is plenty of life still in new wave, especially for those bands who follow their own inclinations and avoid the advice of managers and politicians. An album devoted to one band can be a suicidal experience, but picking them off in small spasms, as in this compilation, is a good and optimistic introduction to music which will never overthrow the establishment but which could change it for the better.

Yet another double album nicely bridges between the other two. While The Band appeals to suburban young marrieds with a glimmering of education and the new wave is for the younger comprehensive crowd, *Saturday Night Fever* is for the disco set, which these days could be anybody. It is the soundtrack from the very successful film, mainly scored by the Bee Gees. Since the plot centres on a Brooklyn second generation Italian dead-ender whose only life is his disco dancing, the music never seemed to make the most of its chances. The background soundtrack to the moralistic *Looking for Mr. Goodbar* emphasises the important role of music for to-day's young more effectively. Even so *Fever* is currently the best selling album in the U.K. and all but inescapable. The songs are catchy, but are not improved by the falsetto voices of the Bee Gees. *More than a Woman* gets an airing on the album both from the Bee Gees and from the Tavares and the American disco group wins hands down. The instrumentals derived from the classical repertoire, such as Fifth of Beethoven and Night on Disco Mountain, are damaging to the brain if not to the ears, but songs like *If I can't have you* by Yvonne Elliman, and the identification of the music with the film, make this the kind of album which will represent the 1970s for most people when both The Band and the new wave have been washed away.

Bob Dylan

Savoy

Alice's Boys

by B. A. YOUNG

Felicity Browne and Jonathan Hales must have been going in for some shrewd analysis of the box-office figures at London's theatres, for *Alice's Boys* is constructed firmly on the Agatha Christie principle. The suspects, in a closed environment, are four members of a spy-ring (if I may use such a term of our own MI6), and the victim is a fifth member, found dead under a bed in circumstances that would have aroused more surprise if they had been in any way different.

The writing is better than Miss Christie or the adapters who shelter under her name habitually achieve, and the authors have had a trip on two band-wagons at once by combining a whodunit with a spy story. The production is really far better than the play deserves, but by mating a taut suspense tale with what can only be called all-star casting a wholly pleasant and wholly unimportant evening is achieved.

It would be wrong to retail any details of the story, but the cast is certainly mouth-watering. Alice is a man: it is a code-name for the head of the spy "family," and it is no less than Ralph Richardson, cool in deportment, telegraphic in speech, commanding in mien, his only weakness a habit of taking his petit point on duty with him in his briefcase. His five boys are Henry (whom we only see dead), Bertie, Dan, Sally and Toby.

If I were M, or C, or even Colonel B, I should have ruled that to have four such people living in a flat together would have attracted too much undesirable attention, for they are a rum lot as spies go.

Bertie, played by Michael Gambon, is a coldblooded killer who hides his talent under what Mr. Pym calls a *faux bonhomme* personality evinced in his drinking and constant singing of Irish songs. Dan (Michael Jayston) is withdrawn and calculating where Bertie wears a Chinese dressing-gown with dragons, Dan wears a monkish habit. The third man is Toby (Gary Bond), a lady's man and gambler, who is having a fling with Sally (Joanna van Gyseghem), their female colleague.

Who, you will ask, is Mr. Pym? Mr. Pym comes from MI5, who, it appears, is in constant rivalry with MI6, and he is investigating Henry's death because Henry has actually been a double agent, a double agent of an unusual kind, working both for MI5 and MI6. Mr. Pym is played so well by Geoffrey Keen that it seems a shame that television should have kept this actor off the stage so much. The contrast between the MI6 colonel and the MI5 policeman (if that is what he is) in their different attitudes to discipline is an enjoyable study.

I cannot say that the unravelling of the knot is done with any special skill: indeed I was only modestly convinced by the conclusion. But the production is a little jewel of its kind under Lindsay Anderson's direction, and the lack of intellectual pabulum should not deter anyone who just needs a jolly good evening out.

Corinne Cockrell

Ralph Richardson (foreground) with Geoffrey Keen, Michael Jayston, Joanna van Gyseghem, Michael Gambon and Gary Bond

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Straining a procedure

THERE ARE different opinions about pay restraint, whether statutory or voluntary, in the sense that some people think that it does more good than harm in principle and others think precisely the reverse. There is almost universal agreement, however, that the degree of rigidity in any pay policy likely to help in the control of inflation is bound to produce anomalies, and consequent inefficiency in the allocation of resources. The longer the policy is maintained, the worse the anomalies and the more serious the practical consequences of the inefficiency. This is most obviously the case when a particular group feels strongly that it has been unfairly dealt with in relation to others.

In seeking to enforce a 10 per cent. guideline for pay increases during the current round without the support of the TUC, the Government has found itself pushed into demanding at least the semblance of greater rigidity than would otherwise have been necessary, especially with regard to those claims in the public sector for which it has a special responsibility. This, though necessary to prevent the breakdown of its policy, has been particularly hard on the better-paid, whose real incomes have suffered most from the combination of inflation, pay restraint and progressive taxation, and on those groups whose pay is normally determined by the recommendations of an independent review body.

Service pay

One such case occurred recently over the pay of the Armed Forces. The appropriate review body found that pay increases ranging from 19 to 38 per cent., with an average of 32 per cent., were needed to restore service pay to levels comparable with those of civilians. The Government accepted the recommendation, but would allow only 10 per cent. (plus a couple of special extras) for the moment, with full restoration of differentials to be carried out in stages over the period to April 1980. Whether this will suffice to stem the rising tide of resignations remains to be seen: since servicemen cannot resign when they please, the result may be all the more serious when it becomes apparent.

Doctors and dentists are in a similar situation. The review body was warned that the Government could allow no more than a 10 per cent. overall increase at present and has made its recommendations on this basis — though not, as the professions requested, giving each group a flat 10 per cent. but attempting to rectify some of the anomalies that have emerged. It finds, however, that to restore pay in these professions to the comparable outside level ruling in 1975, when it last regarded relativities as about right, would require an overall increase of 28.5 per cent. The calculations produced by the professional bodies imply the need for an increase higher still.

Confidence

Comparability, of course, is a slippery principle. The review body recognises that other factors must be taken into account —not least the changing state of the market for different types of professional skill. But the 10 per cent. that is being enforced on those whose remuneration should in principle be determined independently compares with a probable average outcome for this pay round of 14-15 per cent. Those to whom the loophole of "self-financing productivity deals" is not available will feel all the more unfairly done by if they happen to have read this week how the general secretary of the electricians' union described the higher productivity for which his members are to achieve 7 per cent. on top of the basic 10 per cent. as "an illusion."

Fairness apart, the fact is that the emigration of qualified U.K. doctors has continued close to the higher level which was reached in 1974 and that, since much the same date, the output of male medical graduates has remained unchanged. The Government, moreover, has now been given a plain warning. The review body declares that unless its full proposals, brought up to date, are put into practice by the spring of 1980, it will no longer be possible to maintain confidence in the present review system—or the confidence of the medical and dental professions in their part in the Health Service.

The crisis in Rhodesia

THE DISMISSAL of Mr. Byron Hove, who for a brief two weeks was Rhodesian joint minister of Justice Law and Order, has presented the signatories to the Rhodesian internal settlement with a major crisis. Critics of the March 3 agreement between Mr. Ian Smith, the Rhodesian Prime Minister, and the black "internal" leaders Bishop Muzorewa, the Rev. Sithole and Chief Chirau, point out that since it does not include the leaders of the Patriotic Front who control the guerrillas, it has little hope of stopping the war nor of gaining widespread international recognition.

But the Hove issue now threatens the very existence of the internal settlement. Bishop Muzorewa, who appointed the London-based barrister in the first place, may or may not have been party to his dismissal. Mr. Hove was formally dismissed because of statements, which he refused to retract, to the effect that there would have to be positive discrimination in favour of Africans in the police, judiciary and civil service. This was held by his white co-minister, Mr. Hilary Squires, to contravene the March 3 agreement, and when the matter came to the four man Executive Council, not only Mr Smith but the Rev. Sithole and Chief Chirau agreed that Mr. Squires was right.

Fragile

Bishop Muzorewa says the decision to dismiss Mr. Hove was taken in his absence, but what matters now is whether the Bishop will implement his threat to withdraw from the internal settlement. While he is currently reserving his position observers in Salisbury see the Executive Council's decision on Monday not to reinstate Mr. Hove, and the Bishop's retaliatory statement yesterday casting doubt on the agreement's viability as evidence that he will probably quit.

If the Bishop does not in the end withdraw (he made similar threats when the agreement was being negotiated earlier this year), the Hove incident will still have shown how fragile the internal settlement is. But if he goes it is probable that, whatever the wishes and efforts of the other parties, the March 3 agreement will collapse.

But once that is said, there is no certainty as to what might happen next. Now that the white Government has accepted the principle of majority rule, and has begun, however hesitantly, to put it into effect, the central issue in Rhodesia has become the contest for power in an independent Zimbabwe between rival black politicians.

It may be for example that some of the Bishop's lieutenants will try to continue with the agreement, but lacking his support they are unlikely to succeed. On the other hand, it is being suggested that Bishop Muzorewa, who has a deep personal antipathy towards Mr. Joshua Nkomo, joint leader of the Patriotic Front, may try to resurrect talks held spasmodically over the past two years with Mr. Nkomo's partner, Mr. Robert Mugabe.

Little comfort

There is precious little comfort in all of this for those who hope for a stable and democratic transfer of power in Rhodesia. As the black politicians manoeuvre for power, the guerrilla war intensifies.

Rhodesia will undoubtedly head the agenda in a series of key meetings which British Government Ministers will hold in London in the next few days, as President Sir Seretse Khama of Botswana follows President Kenneth Kaunda of Zambia on visits to the British capital. Both men — and President Kaunda is to go on to Washington to meet President Carter next week—will undoubtedly urge the adoption by all parties in Rhodesia of the Anglo American settlement proposals. These may or may not be the right solution at the moment. But the current crisis at least suggests that the British and American governments have been right to keep their options open on the internal settlement.

Mergers policy: a slight turn of the screw

BY GEOFFREY OWEN

THE Government's review of merger policy — a consultative document published yesterday—was prompted by a growing disenchantment with the economic and social consequences of the mergers which have taken place over the past decade.

Some of these mergers were promoted by the Labour Government itself in 1964-70, through the work of the Industrial Reorganization Corporation. But it is clear from recent speeches by the Prime Minister and the Prices Secretary, Mr. Roy Hattersley, that, in their view, the creation of very large companies through mergers and take-overs has gone too far. They are evidently impressed by academic work which points to an apparent increase in concentration both in the economy as a whole and in individual industries: there is also evidence that a good many of the large-scale mergers which took place in the 'sixties failed to produce the expected benefits.

Since 1965 the Government has had extensive powers to control mergers, but they have been used sparingly. In contrast to price-fixing agreements and cartels, there has been no presumption that mergers are bad in themselves. Only a tiny proportion of the mergers which could have been referred to the Monopolies Commission (that is, those involving assets exceeding £5m. or a combined market share of at least 25 per cent.) have been so referred: in the 1965-72 period there were no more than two or three references a year.

Public policy became somewhat more hostile to mergers in 1973, when Sir Geoffrey Howe was the responsible Minister at the Department of Trade and Industry. The Tory Government was concerned at the pace at which industrial concentration was increasing; even before the establishment of the Office of Fair Trading in November of that year, the number of references was stepped up.

Over the next few years, while the fashion for big mergers was in any case tending to fade, the Government showed a greater willingness to refer horizontal mergers which had a clearly detrimental effect on competition (like BP/Century Oils) and conglomerate mergers which were lacking in "industrial logic" (like Bowater/Hanson Trust).

Some of the proposals were dropped after the reference was announced. But the table of merger references shows that companies which submitted themselves to a full investigation had about a 50-50 chance of obtaining clearance. For the Commission is not biased against mergers as such. It takes a pragmatic view of each case and is as much concerned with increased efficiency and other aspects of economic performance as with market power.

A similar case-by-case judgment is made by the Office of Fair Trading and the inter-departmental Mergers Panel in deciding whether to recommend to the Government that a particular merger should be referred. As the OFT's recently issued mergers guide puts it: "Each case falling within the scope of the Act is looked at on its own particular merits and not in accordance with any fixed rules or assumptions."

The effect of this approach, according to the critics, is to let too many mergers through. As a result, they say, the process of concentration continues, competitive pressure in more and more sectors is reduced and very large companies occupy an increasingly dominant position in the economy. It was these criticisms, together with evidence that at least half of all mergers which take place are unsuccessful, which led to the review of merger policy by a working party of officials and Government economists.

Their conclusions, set out in the consultative document, support the need for a tougher approach: but they are less radical than might have been expected after recent Ministerial speeches. They are evolutionary rather than revolutionary: no change is contemplated in the pragmatic, case-by-case approach.

In particular, the committee rejects the much-canvassed idea that the burden of proof in merger cases should be reversed. They point out that if such a change were made, the Mergers Panel and the OFT would feel obliged to refer *all* mergers except those for which clear and unequivocal evidence of benefit could be identified in the short time available for the examination of proposals prior to a reference decision. This would put an enormous load on the Commission: since the majority of mergers are neutral in their effects, there would be a waste of time and resources.

An alternative proposal — that the burden of proof should be reversed only in mergers involving very large companies —is also rejected. The choice of size threshold would be arbitrary: the much more severe treatment of mergers above the threshold would have a distorting effect on companies' attitudes towards mergers and would not necessarily be in the public interest.

Instead, the report recommends a shift towards a more neutral policy, with much greater emphasis on competition. "The first test would be whether a significant reduction of competition was foreseen. If it was, we should look critically at the prospects of benefits accruing to the economy and weigh up the balance of advantage. A critical assessment would similarly be made of cases where there would be a significant accretion of economic power through further acquisitions by large companies."

The report suggests a two-stage process for the Mergers Panel. First, the secretariat would carry out a quick assessment of the possible effects of the merger on competition, either through the creation of an increased market share or through the undue concentration of economic power. Mergers that did not have a significant effect on competition would generally be cleared on a "circulated paper" basis.

The guidelines for judging a significant effect on competition might be:

Horizontal mergers — any merger which increased the combined companies' market share in the U.K. for a particular product to 25 per cent., except where the size of the market concerned was less than £4m. or the value of the gross assets taken over was less than £1m.

Vertical mergers—any merger where either the acquiring or the acquired company has a 25 per cent. or greater share of the U.K. market for a particular product or service, and the merger involved the acquiring company taking over a significant supplier or customer.

Conglomerate mergers — any merger where either the acquired company had at least a 25 per cent. share of the market (except where the size of the market was less than £4m) or the worldwide turnover of the combined companies was £350m or more, of which a significant proportion arose in the U.K., and where the gross value of the assets to be transferred was £16m. or more.

In the second stage the potentially anti-competitive mergers would be examined in more detail by the Mergers Panel. "Firms would be expected to provide convincing evidence of offsetting benefits and the probability of their achievement, if reference to the Commission was to be avoided, and this would be the opportunity for sponsor Departments to explain the case for proposals being supported in accordance with the industrial strategy. The Panel would consider whether the benefits expected, in terms of increased efficiency, export potential, etc., would offset the detriments from the potential effect on competition: and would also take into account other possible detriments, such as collapse of the firm being acquired or loss of jobs in rescue cases, which might arise from abandonment of the merger or from the delays inherent in a Commission reference."

In addition to these non-statutory guidelines (at present no such guidelines exist) the report suggests amendments to the Fair Trading Act 1973, requiring the Commission to pay closer attention to the potential impact of mergers on competition. The set of considerations set out in Article 84 of the Act should include (a) the desirability of minimising the detriments of reduced competition and increased concentration, and (b) the desirability of restructuring to improve the international competitiveness of British industry.

The report says that this revised procedure would increase the number of merger references, perhaps up to four times as many as there are now: this implies some 15-20 merger references a year, and the number of mergers turned down would presumably increase in proportion.

"This would be likely to deter mergers, particularly between firms in the same market, except where a really convincing case could be made. Altogether, there would be likely to be fewer and better-thought-out merger proposals coming forward. Such an outcome would be in line with the evidence on mergers that we have reviewed."

Noting the market power wielded by large companies in many sectors of industry (the 100 largest companies are said to account for some 700 statutory monopolies), the committee considered the case for enabling the Commission to investigate large companies as such, but decided that this would be too complicated and time-consuming. Instead, the power to investigate oligopolies —that is, sectors in which four or five companies account for the bulk of the market — should be extended. This might include an amendment to the Fair Trading Act which defines oligopoly in terms of structure, though the legal implications of this need further study.

The practical effect of the recommendations, if they are implemented, will not be dramatic. Large companies will find it somewhat harder to expand in the U.K. by acquisition: mergers like GKN/Birfield in motor components and BICC/Pyrotenax in cables, which were cleared by the Commission, might have been blocked on the new criteria. The same applies to horizontal mergers which make an oligopolistic industry even more concentrated. But these trends have been at work even without the proposed guidelines and amendments to the Fair Trading Act: it is doubtful whether the increase in the number of merger references will be as large as the committee suggests.

The proposed changes will remove some of the uncertainty, which companies have often criticised, in the procedures followed by the OFT and the Monopolies Commission. But the judgments which both bodies will still have to make are extremely difficult. They are required to predict the consequences of mergers on industrial efficiency, and there is no reason to suppose their predictions are any more reliable than those of professional managers. It may well be that half of all mergers go wrong: the problem is deciding which half. Yet the exercise of judgment on a case-by-case basis is preferable to an automatic or legalistic approach, which bans all mergers of a certain type or above a certain size.

The Government's committee is right in its restatement of competition as the primary goal of merger policy. As long as the new guidelines are applied consistently, and with due regard for commercial realities (including, of course, international competition), business should have no cause for complaint.

A review of monopolies and mergers policy: a consultative document. HMSO £2.85.

MERGER REFERENCES 1965-77

The table shows what happened to mergers referred to the Monopolies Commission between 1965, when the legislation was strengthened, and the end of 1977.

* The Commission found by a 3—2 majority that the merger would be against the public interest. Since the Act requires a two-thirds majority, the Secretary of State had no power to take action.

	WITHDRAWN BEFORE REPORT	FOUND AGAINST PUBLIC INTEREST	FOUND NOT AGAINST PUBLIC INTEREST
1965-end 72 18 merger references	Marley/Redland Burmah/Laporte Reed/Bowater Sears/Timpson	Ross/ Assocd. Fisheries UDS/Burton Barclays/Lloyds/Martins Rank/De La Rue British Sidac/TPL Beecham/Glaxo Boots/Glaxo	BMC/Pressed Steel Dental Mfg./Amal. Dental Dentists Supply/ Amal. Dental GKN/Birfield BICC/Pyrotenax Thorn/Radio Rentals Unilever/Allied Breweries
Totals	4	7	7
1973-end 77 29 merger references	Tarmac/Wolseley Hughes Glynwed/Armitage Shanks Whessoe/Capper Neill Bowater/Hanson Trust London & County/Inveresk Sears/Nottingham Mfg. Norvic/Canning Associated Eng./Serck Sketchley/Johnson Provident/Cattles Rheem/Redfearn Derritron/BEC	Davy/Br. Rollmakers Boots/House of Fraser Eurocanadian/Furness Withy Amal. Industrials/Morris Pilkington/UKO Intnl. Babcock/Morris* BP/Century Oils Rockware/Redfearn United Glass/Redfearn	British Match/ Wilkinson Sword Eagle Star/Sunley/ Grovewood Charter/Sadia NFU Dev. Trust/ FMC Dentsply/AD Intnl. Fruehauf/Crane Fruehauf Smith Bros./Bisgood Bishop Weidmann/Whiteley
Totals	12	9	8

SHARE OF 100 LARGEST ENTERPRISES IN UK MANUFACTURING NET OUTPUT (%)

Year	%
1909	16
1924	22
1935	24
1940	22
1953	27
1958	32
1963	37
1968	41
1970*	39
1971*	40
1972*	41

* Due to a change in statistics, these years are not strictly comparable with the earlier ones.
Source: S. J. Prais.

MERGER ACTIVITY 1963-77

Year	Number of mergers	Acquired companies —index of prices paid in real terms*
1963	888	100
1964	940	134
1965	1,000	146
1966	807	140
1967	763	216
1968	946	362
1969†	907	176
1969†	846	201
1970	793	238
1971	884	164
1972	1,210	357
1973	1,205	213
1974	504	141
1975	315	64
1976	353	79
1977	482	117

* Current prices deflated by FT Actuaries 500-share Index.
† Based on company accounts up to 1969; on financial press and other sources thereafter.
Source: Business Monitor M7.

MEN AND MATTERS

First choice at the LSE

The London School of Economics has just appointed its first associate fellow. He is Jack Jones, who lists his education in Who's Who as "elementary school, Liverpool," but is no stranger to the higher reaches of education: since 1970 he has been a visiting fellow at Nuffield College, Oxford. I learn that the idea of having up to six associate fellows has been discussed for some time by the LSE appointments committee. They will not have a stipend or any set duties, but will give the regular members of the academic staff "the fruits of their experience in practical affairs." It is also hoped that they will do some writing.

Can the LSE's statement that Jack will be giving the professors the fruits of his practical experience be seen as an admission that economists sometimes lack knowledge of how the real world actually works?

Food for thought

Visitors to lunch with Sir Charles Forte nowadays receive an unexpected—and momentarily bewildering—gift as they are departing. It is a copy of *The Ends of Power* by Bob Haldeman, onetime aide of Richard Nixon.

One guest so favoured at a recent luncheon was Kenneth Cork, senior partner of Cork, Gully. He says: "I wondered for a moment if there was some ulterior significance in the title. But I wanted to read the book, so I didn't mind being given a copy." Cork then realised that Sir Charles owns Sidgwick and Jackson, publishers in Britain of the Haldeman memoirs. It is indicative of how Britain's biggest hotelier has lately been captivated by his ventures into the world of books and magazines. He is especially proud that *The Ends of Power* is firmly in the current bestseller lists.

Things fall apart

We have grown accustomed to little other than dramatic and violent news from many independent African countries, but I have just been given one graphic illustration of how time can erode the institutions left behind by colonialism. It comes from Dr. Esmond Martin, an American academic. He is one of the few outsiders who have been given access to the great collection of manuscripts in Zanzibar since 1963, when the island achieved independence and was rocked by revolution a month later.

"I am probably the last person to have read some of the historic papers in the Archives, because they were disintegrating before my eyes," says Martin. Documents held on the island include bundles of letters from Dr. David Livingstone, Sir Richard Burton and many other 19th century explorers, who used the island as a base for journeys into the African interior. "The air conditioner in the repository broke down years ago and no spare parts have been obtained. So the papers are falling apart as the salt air and humidity attacks them."

Martin is a specialist in East Africa history and lives in Nairobi. His book about the dhow trade, *Cargoes of the East*, came out a few weeks ago. He has worked in many African archives and stresses that what has happened in Zanzibar is not typical. But the island's collection, including the official papers of British consuls throughout the Victorian era, is a unique record.

When Martin opened old notebooks "seas of insects fell out." Half of the documents he asked for could not be found. Once he was allowed into the main repository. "Lying against the walls are many large oil paintings, some nine feet high, of the former Sultans of Zanzibar. Many of the portraits have been mutilated by heavy scratches across the faces." Among the stack of paintings he noticed one of the Queen, left behind by the British administration.

"Government oil policy has always had a touch of 'Going, Going, Gone!' about it!"

High rise

No doubt made bold by the Price Commission's benevolent report on bank charges, the profit-conscious Post Office is applying a 100 per cent. increase to the fee charged Hon. Members and Noble Lords who cash their cheques at the post office counter in the Palace of Westminster. The parliamentary journal, "House Magazine," says that Mr. Speaker has agreed to the charge going up from 2½p to 5p, as from this week. I wonder how this strikes those MPs — notably Peter Rost—who have been campaigning against the growth of profiteering cheque-cashing "banks."

Thumbs down

At a Congressional hearing this week, Congressman Donald M. Fraser, a Minnesota Democrat, has startled his fellow legislators on the House international relations committee with the revelation that present U.S. law permits the export of such "crime control" items as thumb screws, leg irons and electric shock batons to countries that may violate human rights. The Congressman's "find," dug from an immense list of exports, has produced indignation, a provision from the Congressional panel to ban such exports to "human rights violators," and, naturally — headlines for Fraser.

How many instruments of torture are actually sold by American firms to human rights violators, or for that matter, to anyone? No one really knows. The Commerce Department, which keeps the commodity control list of exports, has checked and found that the sale of such equipment cannot be tabulated because it falls under "basket categories." Thumb screws, for example, would be listed under "iron and steel products."

"We don't know how much activity there is in this area of crime control materials exporting," says a department spokesman. "We export no crime control equipment to Communist countries or South Africa — with the possible exception of metal detectors for airports. "Any activity there is probably exists in more exotic areas like lie detectors and photographic or ballistics equipment."

However active the trade may or may not be, human rights violators will now have to look for their thumb screws elsewhere.

Observer

ECONOMIC VIEWPOINT

The dear old Duke of York

WITH REGRET, but without apology, this column must concern itself yet again with monetary management — or rather mismanagement. The British authorities are not altogether to blame for the latest expedition of the Grand Old Duke of York up the hill of interest rates, because it has been necessitated partly by events in New York: the Fed has become worried because the U.S. money supply is apparently rising out of control again, and has responded in the traditional way. London, while the pound is weak, can only follow.

However, the fact that London rates have to rise further and faster than those in New York is our own fault. The British market is so shell-shocked by the mismanagement of recent years that it will now respond only to explosive gestures.

And so it is likely to continue as long as the authorities rely on deliberately destabilising the market to achieve what ought to be an orderly process of funding. Although the numbers are not as dramatic as they were in 1976, this is about the most damaging of all the successive episodes, since it has carried long-term interest rates into what are prospectively large positive numbers in real terms. Even those who think that we are stuck at about 10 per cent. inflation for ever cannot regard gilt yields at just under 13 per cent. as historically cheap in a depressed economy.

Certainly industry does: the recent remarks of Mr. Terry Beckett, the chairman of Ford U.K., should hang over the desk of every monetary official. Borrowing for investment purposes even at floating rates has become what he calls "a forbiddingly expensive switchback," so that investment can now be paid for only from retained earnings or Government grants. Industry has virtually been cut off from the financial markets except to raise equity or finance quick-moving stocks.

It is of course an article of faith in the Treasury and in Threadneedle Street that interest rates have no effect on industrial investment decisions; this has been demonstrated again and again by research in the past. However, that research was done at a time when interest rates were relatively immovable. It simply does not apply when interest rates are in real terms almost entirely unpredictable, for what is now at stake is not the cost of funds, which cannot be forecast, but the risk of a ruinous rise of the cost.

The fact that rates are getting more and more unstable in real terms, although the real economy is drifting sluggishly back towards some form of stability, is the result of a compound of policy errors and management errors. The biggest errors have recently been made in the U.S. rather than in London, but that is no ground for complacency on this side of the Atlantic: American foolishness has been condoned and encouraged by British officials. The wildly excessive expansion of domestic credit in the U.S. has been allowed to continue unchecked and uncriticised as long as the weakness of the dollar and the vast interventions of foreign central banks have mopped up the excess liquidity created in this way.

In the last few weeks, however, a mere pause in the dollar's decline has exposed what is going on: the check to the outflow across the exchanges has allowed most of the growth of credit — which has probably slowed down recently — to appear in the domestic money supply. The Fed, under its new chairman, is at length taking action.

If the aim is to bring DCE down to a rational level, the rise of rates will have to go a good deal further, for the U.S. economy has become a glutton for credit. More probably renewed weakness of the dollar, a renewed *outflow and renewed* intervention will restore the illusion of monetary restraint for a little longer, until there is a still bigger crisis.

Numbers

Incidentally this chain of cause and effect has at last been noticed on the other side of the Atlantic. The Bank Credit Analyst, which although it is published in Canada has a considerable influence in Wall Street, has published an article which explains the concept of domestic credit expansion to U.S. readers, probably for the first time for most of them. It has also worked out the relevant numbers for more than a decade past, with the revealing result shown in the chart.

There is room for some technical argument on the numbers used, but the broad picture is unmistakable: the Fed, while preaching monetary restraint, has in practice permitted a *potential* money growth which has at times been twice as high as the recorded figure. As long as the U.S. was simply satisfying a foreign demand for official currency reserves, the excess was willingly absorbed; but each episode has ended in a dollar crisis.

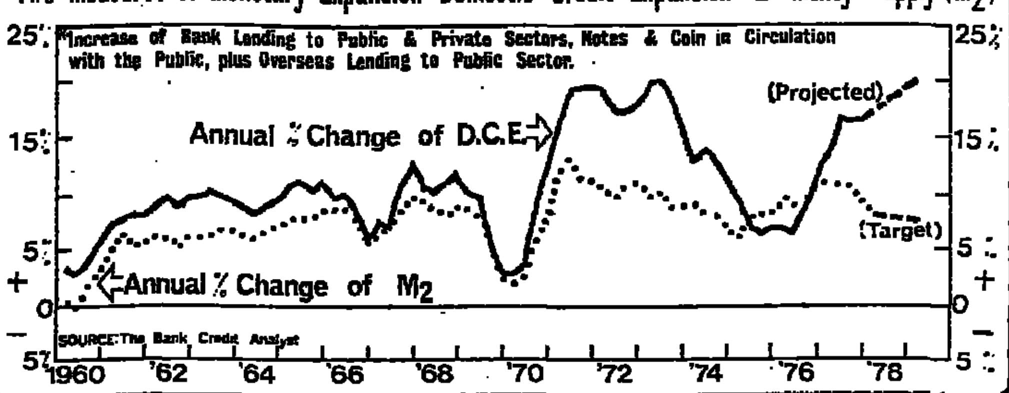
The most recent episode could have been checked last year by a relatively modest rise of rates, but any such notion was regarded with horror not only by authorities such as the OECD in Paris—which perhaps welcomed the fact that the U.S. was offsetting what OECD saw as excessive restraint in other countries—but even by the Bank of England, which would never permit such things at home.

It may seem illogical to attack *the Bank for doing at home* what I have just attacked the Fed for failing to do, and moving early to check an excessive growth of domestic credit; but here the issue is not the underlying policy, but the way of carrying it out. The policy aim has been broadly right, but the cost has been excessive.

The Duke of York policy — which means basing funding strategy on contriving an endless series of bull markets, interrupted by sharp crises — inevitably carries a steadily rising real cost. After the first crisis of inflation a recovery was perfectly credible, and the whole episode was achieved with interest rates which were, at any rate on a short view, heavily negative in real terms. After the 1976 crisis it was seen that the profits of such a bull market were not reliable, and rates had to be pushed right up to the inflation rate to get the market moving again. This time round it is seen that the crises are part of the system: investors require a large positive return on their money to come back into the market.

A number of alternative techniques have been suggested. One is to rely on the yield curve to ensure that savings institutions find it excessively expensive to stay liquid: this would ensure steady funding in a stable market. I doubt, however, that this particular horse would run in a world in which the world's biggest currency is managed in such a destabilising way. Unless the dollar is stable, short rates are bound to be volatile.

Two Measures of Monetary Expansion—Domestic Credit Expansion* & Money Supply (M_2)



A second approach is to keep *a much tighter rein on the* banking system, by disqualifying Treasury bills as a bank reserve asset, so that the authorities could use a full range of market instruments to fund their own borrowings, as is done in the U.S.

A less radical tightening of control could be achieved with a good deal less drama simply by a different approach to marketing Government stock itself. One possibility is to hold a monthly auction, which would ensure that the long rate quickly mirrored shifting finan*cial expectations, and might re*duce the need to manipulate short rates. The authorities already have become much more flexible in their management of the official "tap" stocks.

However, this would do nothing to reduce the cost of long term borrowing, or rather its large unpredictability. For this purpose some alternative to fixed-interest borrowing is required — as was tacitly admitted in the (largely unsuccessful) launchings of floating-rate stock last year. Some stock carrying a relatively predictable real rate of return, indexed either to the GDP deflator, or — to avoid effects spreading right through the economy — to a single commodity produced by or held by the public sector, could be a great help here. An oil bond or an electricity bond would appeal as an asset to pension funds, and to industrial users of such commodities with surplus funds: it would improve portfolio balance and reduce uncertainty.

The danger to be averted is not so much an excessive burden on the taxpayer — though the current cost of ser*vicing the £12bn. of long-dated* stock issued since the great inflation set in currently is more than £1bn. more than the cost of servicing indexed bonds in the same amount — but of perpetuating a high borrowing requirement more or less for ever.

This arises in three ways. First, quite simply, a large proportion of the £5bn. or so now paid out gross in interest on Government and similar stocks goes to funds which pay no tax, and which must be persuaded to reinvest it in public sector stock. These funds have become overloaded with fixed-interest securities, and require ever-higher returns.

Secondly, the result of cheating savers in the past—the supposed triumph of borrowing at large negative interest rates—has provoked higher personal saving, which has to be offset by higher Government borrowing. This may right itself when savers have rebuilt the value of their portfolios in real terms, but the losses have been so heavy that we shall be paying for this illusory saving of public funds for some time to come.

Finally, and most insidious, is the effect to which Mr. Beckett has drawn attention. If the public funding requirement is large, and managed in such a way that the cost of borrowing is both high and unpredictable, industry is effectively crowded out of the financial markets and relies either on internal finance, enhanced by grants and tax allowances, or on NEB-type public support.

Better management of the financial market is only one element in reducing this enormous burden on the public finances (which, if investment allowances are included, largely explains the obstinately large public need for funds). A recovery of profits, encouraged by the true measure of costs promised by inflation accounting, must play a large part; and a reduction of inflation does have the merit that it reduces the tax loss through stock relief, even if it increases the real cost of servicing long gilts. An avoidance of the kind of fiscal mistake made in the present Budget could also help to reduce drama.

But what is required above all is an understanding by the authorities of the real cost of financial instability—which is much more important than the average *level* of interest rates—to the economy. Stability used to be a prime and well justified objective in the management of the markets, until the rise of monetarism made it unfashionable: monetary control must be imposed, and willingness to let interest rates move sharply was presented as a proof of virility. Like nearly all stark choices in economics, this was based on a false prospectus: in fact we need both kinds of stability, though they are at times mutually exclusive, and difficult compromises are necessary. The real illusion in economic management is the illusion that there are easy answers.

Anthony Harris

Letters to the Editor

Later start in pensions

From the managing director, Administration, Industrial and Management Services.

Sir,—A confusion occurs in people's minds about pensions because it has in the past been very common to insist that the in-service benefits—that is, those while in the employment of a company before retirement—shall be contingent on being a member of the "retirement plan." A second confusion occurs when considering the nature of the benefits—retirement pension is now generally accepted as a form of deferred pay, not a reason for retaining the long service of an employee.

A practical solution, now being adopted by a number of schemes, is to provide "in-service" benefits from age 18, but not to admit employees to participation in pension schemes until say 35 or 40, giving no allowance for earlier years but with a more rapid accrual rate, to produce the previously envisaged level of pension at retirement age. The costs will only be marginally higher when compared as a percentage of the total payroll, and as stated by your correspondent, Mr. Ferguson, May 8, administration will be simpler.

It is certainly doubtful whether even 15 per cent. will stay with the employer their whole working life and it would be unreasonable to expect anyone to be so tied down. This is another very good reason for starting pension arrangements at a later age, to which can be added a third—most people in their earlier years have more pressing commitments in the getting together of a home and starting a family.

It has not been my experience that even a majority of employees have favoured an early age start to pension build up if they have had the position and the different possibilities clearly explained.

P. Cleminson.
...nfield, St. Leonards, Tring, Herts.

Contracting in or out

From Mr. R. Sloan.

Sir, — While not agreeing entirely with all of Mr. Newton's earlier comments (April 28) I cannot allow Mr. Moffatt's subsequent assertions (May 4) to go unchallenged.

In making cost comparisons between contracting-in and out, how many companies have genuinely allowed for the reduction in the overall 7 per cent. National Insurance contribution moving to 4½ per cent. over the next 30 years? In any event, this pre-supposes that the full ... per cent. saving is in fact available to the contracted-out scheme, whereas 2¼ per cent. actually goes to the members and would have to be clawed back by way of increased members' contributions. I believe that a decision to contract-out taken by the public sector employers should largely be disregarded in this context, as they are surely not subject to normal commercial financial criteria.

To suggest that contracting-out is the only logical decision for the bulk of employers already offering a "superior private pension scheme" is to miss the whole point of the in/out debate. Continuing Mr. Moffatt's analogy, the choice is not between a state contracted-in Mini and a private contracted-out Princess, but between two Minis and one Princess for the same total cost. The vital difference is that the state Mini is available at a fixed price, while the second Mini can be exchanged for anything from a moped to a Rolls-Royce with fewer statutory restrictions than apply to the contracted-out Princess.

This demonstrates the potential flexibility of contracting-in plus topping-up, which surely holds attractions for employers who do not necessarily wish to provide a Princess for all employees but, according to choice, a Mini plus anything up to a Rolls-Royce.

R. K. Sloan.
(Director and Regional Actuary)
Martin Paterson Associates,
9, Albyn Place,
Edinburgh.

Consequences of mass unions

From Mr. G. Wansbrough.

Sir,—The very interesting article (May 8) by your Labour Correspondent Alan Pike does not cover all the economic issues involved.

The mass unions covering all the employees in an industry naturally tend to give preference to the welfare of the greatest proportion of their membership, which naturally consists of the *less skilled operatives.* It is this process which has led to the narrowing of differentials, so that it has become less and less attractive to men to make the sacrifices and face the hard work involved in learning highly skilled workmanship. It is similar to the process of equalisation which has so much undermined the position in this country of those economic leaders, whether in public or private sections of industry, who receive in this country so much less reward for their services than either they deserve, or can earn overseas.

It is undoubtedly in the interest of the whole community, *and certainly in the long run* as much to the interests of the lesser paid as to the others, that we should become in every way more efficient. There can be little doubt that separate unions bargaining for the more skilled workers—for example, tool room workers, as well as managers and the like — should establish the requisite differentials.

It is as plain as a pikestaff that if an industrial revival develops in this country on a scale likely to lead to reasonably full employment, we will run into a shortage of skilled labour which may fatally imperil the revival. A major cause of the foreseeable shortage of skilled labour will have been the reduction of differentials caused by the mass unions.

All power to the elbows of Mr. Lyons and his like. They, and the bargaining units which they would develop, are the best friends there could be to the improvement of the standards of living of the less fortunate members of the community.

George Wansbrough.
Udimore Cottage,
Otterbourne Hill, Winchester.

Telephonic ramblings

From the Managing Director, Murray Evans Associates

Sir,—The Monitel telephone costing unit (Executive's and Office World, May 8) raises a welcome discussion on the whole question of individual telephone usage in any size of company.

Opening a company telephone bill ranks in horror potential only one or two points below slitting a tax man's envelope. With a whole three months of carte blanche enjoyed by executives, secretaries—and the odd temp—the final total is as predictable as the weather.

As a small company we are less able to suffer abuse of the telephone facilities even if such abuse is perpetrated by well-intentioned types who have an inability to conclude a conversation.

The Monitel—or even a simple clock—can make all but the most garrulous more prudent. But it affects only the conscientious and does nothing to tackle the real problem.

We have achieved peace of mind by the simple addition of Post Office digital meters to all our lines. Normally, with a free-for-all for exchange lines, the buck cannot be passed back to individual executives. We have solved this by giving them all their own lines for outgoing calls and reserving a reduced number of switchboard lines for incoming calls.

Clearly this would be impractical in a larger company but for the small company it works. The cost of the few extra lines and the metres is more than offset by the saving in charges. The weekly tally of telephonic ramblings is enlightening. Everyone has been horrified at the cost and one well-meaning but talkative soul discovered he was using twice as many units as *anyone else in the company.*

The meters are no new idea: but they do provide peace of mind. Apart from the possibility of a clandestine operator call — which would show up on the bill anyway—our system can withstand the onslaught of even the most unprincipled users.

Michael Evans.
4, Hammersmith Broadway, W.6.

Cutting the cackle

From the Marketing Director, Countdown.

Sir,—John Lloyd's article "How you can cut down on those 'phone bills" (May 8) gives but a foretaste of an entirely new minor industry currently being created in the field of controlling, monitoring and reducing the cost of telephone use, particularly in the U.K. where the Post Office charging system is both complex and expensive. Already, there are five different manufacturers' equipment on the market competing, not only with one another but also with the Post Office's own efforts in that direction.

Two basic approaches are apparent, one tackles the problem at the switchboard by determining specific use and giving detailed information for management analysis, the other attempts to assist actual users of the phone to cut individual costs at the point of origination.

Mr. Lloyd is perhaps less than correct in thinking that a device sitting beside the phone is more readily saleable to private subscribers than to businesses and that the latter will be better served with switchboard monitoring. Certainly, large concerns will benefit from knowing where their money is being spent and by discouraging unauthorised use, which can rise as high as 25 per cent. of total costs, but those of us tackling the problem at the user end of the line are not so much interested in learning "What has happened" as in "Stopping it happening."

It is important to remember that between the larger business firms and the private subscribers there lies a very large number of small companies and professional concerns who also need to save money and cut waste. Our design brief for the Countdown telephone meter was specifically to cater for this sector and results during the first few months of selling the units proves this to be a very worthwhile market indeed.

With equipment available in the U.K. ranging from £50,000 right down to £26 and perhaps as low as £15 in the not too distant future, Busby had better watch out!

Y. Craven.
Pinnerwood Management Consultants.
Pinnerwood House,
Pinner, Middx.

Land tax and expansion

From Mr. K. Hanson.

Sir,—I wonder if the Government is aware of just what effect development land tax is having on industrial expansion and the labour market.

We have recently had a case where industrial clients of ours with approximately 50 per cent. of their output going for export wished to enlarge their factory with, unfortunately, only one adjacent area of land suitable for such an extension. This is privately owned and irrespective of the fact that our clients are prepared to pay way over the *market value for the site,* the owner having done his sums so far as capital transfer tax but more particularly development land tax is concerned, finds that the amount left in his pocket just does not make economic sense and consequently he is not prepared to negotiate pending possibly a change of Government and hopefully a more realistic rate of tax on development land values.

The consequences of this disastrous legislation just in this one case is: (a) A loss of work for the construction industry; (b) A loss of further exports for the nation; and (c) A loss of additional jobs that an extension of the factory would have created.

And as good neighbours, the cumbersome enactments of the Community Land Act are certainly not the answer.

Kenneth E. Hanson.
Dacre, Son and Hartley,
Station Road, Otley,
West Yorkshire.

Complying with car standards

From Mr. M. Honey.

Sir,—There is a considerable mixture of opinion regularly expressed as to whether Great Britain should, by import restriction, protect our own motor industry against Japanese and certain European imports. As one who drives a high U.K. mileage each year, I do seem to observe foreign vehicles which do not comply with the generally recognised British Standards, particularly with regard to the colour and position of side, head and direction indicator lights.

There is no doubt that exported British vehicles have to comply with the general standards of the country to which they are destined and this undoubtedy causes considerable difficulty to the British vehicle manufacturer due to diversification of markets.

Am I right in assuming that we are a "soft touch" as importers, whereas the conditions facing our exporters are to say the least a little tougher as are our own regulations on vehicles produced and sold in the U.K.?

M. C. Honey.
373, Old Bedford Road,
Luton, Beds.

To-day's Events

GENERAL

International Monetary Fund team begins talks in London with Treasury officials on U.K. standby credit guarantee.

National Union of Mineworkers' executive meets.

London Chamber of Commerce Taxation Committee meeting with Labour Party Committee to discuss Finance Bill.

Prime Minister attends Labour Party rally in Manchester at start of four-day visit to North-West.

Mr. Roy Hattersley, Prices Secretary, speaks at American Chamber of Commerce lunch, Savoy Hotel, W.C.2.

Mr. Christopher Tugendhat, EEC Finance Commissioner, meets Governor of Bank of Japan in Tokyo to discuss possibility of greater access to yen financing by European banks.

Freedom of the City of London ceremony for Marshal of the Royal Air Force, Sir Arthur Harris, Guildhall, E.C.2, 12.15 p.m.

Amalgamated Union of Engineering Workers' conference continues, Worthing.

Civil and Public Services Association conference continues, Brighton.

PARLIAMENTARY BUSINESS

House of Commons: Iron and Steel (Amendment) Bill, second reading. Co-operative Development Agency Bill, remaining stages

House of Lords: Trustee Savings Bank Bill, second reading. Debates on enlargement of EEC and on North Sea oil licensing.

Select Committee: Expenditure (Social Services and Employment sub-committee). Subject: Employment and training in the new unemployment situation. Witness: Mrs. Shirley Williams, Education Secretary (5 p.m. Room 16).

OFFICIAL STATISTICS

Provisional figures of vehicle production (April). Finished steel consumption and stock changes (first quarter, provisional).

COMPANY RESULT

Matthew Hall and Co. (full year).

COMPANY MEETINGS

Appleyard Group, Leeds, 12. Beatson Clarke, Sheffield, 12.30. J. Bibby, Liverpool, 3. Corah, Leicester, 12. Metalrax, Birmingham, 11.45. Montfort (Knitting Mills), Leicester, 12. Rosedimond Investment Trust, 41, Bishopsgate, E.C., 11. Royal Worcester, Brown's Hotel, W., 12. Ruberoid, Dorchester Hotel, W., 12.15. Smith and Nephew Associated Companies, Grosvenor House, W., 11.30. Henry Sykes, 445, Woolwich Road, Charlton, S.E., 12. Unicorn Industries, Windsor, 2.30. Williams and James (Engineers), Gloucester, 12.

COMPANY NEWS + COMMENT

Selincourt tops forecast with £4.23m.

RECORD PROFITS of £4.23m. before tax for the year to January 31, 1978, are announced by Selincourt, the textile and garment manufacturing group. This compares with a forecast of not less than £4m. at the time of the one-for-four rights issue last October and with £3.18m. for the previous year. At midway the increase was from £1.09m. to £1.53m.

The 33 per cent. rise in full-year profits comes from sales 13 per cent. higher at £54.48m. (£48.23m.). Exports at £6.42m (£4.81m.) represented 14.8 per cent. of total U.K. sales (13 per cent.).

The final dividend payment of 0.771p per 5p share is as forecast, and raises the year's total by 27.1 per cent. from 0.96p to 1.221p per share on the increased capital.

After tax of £238,000 (£260,000) stated earnings are up from 6.44p to 8.7p. Had tax been charged at 52 per cent earnings would have been 4.4p (3.47p).

Net assets per 5p share now amount to 25.8p (17.8p).

All the textile and garment companies in the group traded profitably during the year. The current year has started well, and all the indications are that further progress will be made, say the directors.

Group reserves stood at £9.46m at the year end and after a write back of deferred tax mainly in capital allowances of £1.14m., less an adjustment to property surplus of £63,000 and losses on foreign exchange adjustments of £110,000.

● comment

Selincourt's profits advance of a third is much as expected bearing in mind the rights issue forecast. The garment manufacturing activities have shown the most growth with their contribution to profits rising from 52 to 60 per cent., while textiles meanwhile hovered around the 40 per cent. mark. The advances from garment manufacturing mainly reflect earlier efforts to get existing subsidiaries to show a reasonable return. MacDougall, the Scottish knitwear subsidiary, bounced back with profits of over £200,000 (loss of £42,000), helped by buoyant export demand while Tricosa the French subsidiary, continued to recover with profits of £600,000 (£430,000). Meanwhile among the steadier textile companies Walker and Rice, which sells pile fabrics for carpets, fur coats and car seats, has shown good growth, particularly in the latter two areas. Filigree, the net curtain subsidiary, also showed promising figures. Borrowings are down to £8.8m. (£10.6m.) or 66 per cent. of shareholders' funds. At 26p the p/e of 2.9 (5.7 fully taxed) and yield of 7.3 per cent. does not look demanding.

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Record £1.8m. at Deritend

IN THE YEAR to February 28, 1978 pre-tax profit of Deritend Stamping Company jumped from £1.22m. to a record £1.79m. on turnover of £27.24m. compared with £23.25m. previously.

Directors say order levels in the forging division have fallen since last year and results from the sector will not be maintained in 1978-79.

The profit of the forging, casting and electrical installation and repair group was after interest of £36,053 (£120,591) and is subject to tax of £952,000 (£680,782). Retained profit came out at £491,339 (£318,131).

Earnings per 50p share are shown at 26.1p (20.8p). The final dividend of 6.67p (6.02p) takes the total from 9.02p to 9.97p.

1st quarter sales rise at Lec

IN HIS annual statement Mr. C. R. Parley, the chairman of Lec Refrigeration, says that 1978 first quarter sales show an increase of 13 per cent. and the directors are hopeful of another successful year.

Market requirements are still gradually changing and, with the introduction of new styling and two new models, the group is well placed to retain its present position and to take advantage of any uplift in demand.

The new models are in the growth areas of upright freezers and fridge freezers and will reduce Lec's dependence on chest freezers, says the chairman.

As reported on April 14, pre-tax profits slipped from £1.77m. to £1.64m. in 1977 on turnover of £26.7m. (£22.19m.). At the year end there was a decrease in liquid funds of £0.87m. (£39,346 increase).

CCA profits are shown at £0.88m. (£0.74m.) after adjustments for depreciation—£187,000, cost of sales—£698,000 (£1.09m.), and gearing—£124,000 (£204,000).

Meeting, Bognor Regis on June 2 at 11.30 a.m.

Hall Bros. better mid-term

GROUP LOSS of Hall Brothers Steamship Company was reduced from £68,963 to £58,000 for the six months to February 28, 1978, after all charges. Turnover for the period was up slightly from £358,661 to £380,000.

Again there is no interim dividend—last year's final was 2.64p and the net loss for the full 1976-1977 year came out at £70,130.

The directors state that at present two of the company's vessels are operating on period time charters at rates which reflect the continuing depressed state of the market, but which are slightly better than current voyage trading.

One of these time charters will expire in May, 1978, but the other continues throughout the remainder of this financial year. Although repairs and surveys continue to be costly, the directors say that in spite of inflation these charges so far this year are less than 1977, as was previously forecast.

Heal falls £0.9m. into the red

REFLECTING substantial losses incurred in the course of rationalisation and reorganisation, Heal and Son Holdings reports a pre-tax deficit of £928,000 for the year to January 31, 1978, compared with £25,000 for the previous 12 months. Some £390,000 of the loss resulted from non-recurring items.

However, the directors say that trading conditions have recently shown a marked improvement.

Turnover for the year showed little change at £11.33m. (£11.21m.) and there was a tax credit of £120,000 (£8,000).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Akroyd & Smithers ...int.	5	July 5	5	—	—
Allied Irish Banks	5.69†	—	4.44	7.5	6
Bishopsgate Trust	4.25	July 4	3.6	6.25	5.25
British-Borneo Petroleum	4.46	July 6	4	6.74	6.1
Deritend	6.67	—	6.02	9.97	9.02
External Inv. Trust	2.5	July 4	2.1	4.75	3.75
J Foster	2.5	July 12	1.63	2.5	1.63
Jersey General	8	—	7	13	11.5
KCA International	Nil	—	nil	0.1	nil
Queens Moat Hotels	0.2	—	0.13	0.33	0.13
Selincourt	0.77†	July 3	0.56	1.22†	0.96
Sheffield Brick	2.1	—	1.85*	2.85	2.23*
Southend Stad.	0.35	—	0.32	0.35	0.32
Third Mile Inv.	*0.5*	*June 26*	*nil*	0.99	nil
Transatlantic and Gen. Invs.	2.25	July 4	2.1	4.5	3.73
Tricoville ...int.	0.9	—	0.7	—	1.92
G. Whitehouse ...int.	0.91‡	June 16	0.81	—	2.09

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Per 50p share.

John Foster profit jumps to £0.84m.

FOLLOWING a loss reduced at halfway from £148,464 to £126,786 John Foster and Son reports a jump in taxable profits for the 53 weeks to March 3, 1978 from £387,850 to £838,598 on turnover of £15.6m. against £12.04m.

At midterm the directors anticipated that the full year profit would be significantly greater than those of 1976/77. They now say that the result is due mainly to export business and that the current order books are at a satisfactory level.

Stated earnings per 25p share are more than doubled at 6.8p (3p) and the final dividend is increased from 1.625p to 2.5p net, the total for the year. The directors intend to revert to interim payments in the current year—the last being in 1974/75.

There was an extraordinary debit for the period of £134,010 (£3,338 credit) and is arrived at after a provision of £150,000 for diminution in value of the investment in the associated company.

Principal activities of group are mohair topmaking, worsted spinning, manufacturing of mohair cloths, worsted suitings and other fabrics.

● comment

With the U.K. textile market still very flat, John Foster has had to rely entirely on overseas trade for growth. Fortunately, demand from the more affluent Japanese and Hong Kong markets is still very strong, providing the bulk of a 10 per cent. rise in volume sales of high-quality cloth and the 30 per cent. increase in turnover. This extra volume, plus a higher mohair content to group sales, helped improve margins by more than two points, and year-end profits are 116 per cent. higher. This was achieved in spite of an increase of more than a tenth in the price of mohair, which probably accounts for around half of the group's sales content. Meanwhile, the home market, which provides around three-quarters of total sales, is still suffering the effects of lower consumer spending and cheap imports, hitting both yarn and cloth sales. The important U.K. market is not showing any signs of revival and export orders are currently slightly lower than a year ago. So, there is no immediate prospect of Foster returning to the peak level of 1974 in the current year. At 36p, the shares are on a p/e of 4.9 while the yield is 11.3 per cent. covered 2.7 times.

KCA Intl. recovers to £1.96m.

THE RECOVERY at KCA International continued in the second half of 1977 and a turnround from a full year loss of £3m. to a £1.96m. pre-tax profit is reported. At midway profit rose from £158,000 to £636,000.

Turnover of the group—which was formerly known as Berry Wiggins and Company and is under offer from its major shareholder, Mr. Travis Ward—rose in the year from £17.72m. to £25.35m.

The result includes a £3.2m. (£2.39m.) loss from Algerian drilling contracting, a £2.5m. release from provisions (nil), and profits from drilling in other areas of £4.44m. (£1.9m.). Overseas tax takes £1.4m. (£0.45m.) and last year there was a £1.66m. transfer from deferred tax.

Earnings per 25p share of the oil servicing and contracting group are shown at 2.7p. An interim dividend of 0.1p has been paid. There were no dividends last time.

	1977 £000	1976 £000
Turnover	25,353	17,722
Drilling contracting—		
Algerian loss	3,210	2,387
Release from prov.	2,500	—
Other areas	4,428	1,901
Other profits	127	*311
Interest other income	25	127
Overheads	1,923	2,142
Assoc. loss	—	189
Profit before tax	1,960	†3,001
Overseas tax	1,393	453
From deferred tax	—	1,662
Net profit	562	†1,792
To minorities	—	27
Extraordinary profits	42	†4,318
Disposal of assoc.	42	
Disposal of Oil Base Germany	—	248
Algerian losses	—	4,566
Attributable	604	†6,083
Preference dividends	32	32
Interim Ord.	20	—
Retained	552	†6,115

† Loss.

Camrex foresees growth

LOOKING FORWARD to further progress at Camrex (Holdings), Mr. Alex Cameron, chairman, says that despite difficult economic conditions the group's directors are continuing a policy of development and expansion.

Reviewing the group's performance in 1977 he points to the improvement in profit to sales ratio from 7.6 per cent. to 8.1 per cent. which indicates the increased efficiency achieved. As reported previously pre-tax profits for the year rose from £1.76m. to £1.96m. on turnover showing little change at around £24m.

The reason given for the static turnover is the change to associated status of one overseas subsidiary and the closure of another. Total turnover of the overseas companies was £8.72m. (£10.92m.), of which direct exports from the U.K. amounted to £6.71m. (£8.08m.).

The year was the first when results of the industrial activities exceeded those in the marine field. This, says Mr Cameron, endorses the directors' policy to expand the business outside the shipping and shipbuilding industry.

However, the company has continued to increase capacity for marine coating overseas, and has recently opened a new factory in Brazil and taken an interest in companies in the U.S.

This, explains Mr. Cameron, will allow the company to participate in ship building and shipping industries in these countries, where there is adequate work at present.

Camrex (Marine Group) had a difficult time last year with profits well below budget.

A record result was achieved by Camrex Corrosion Engineers, where further progress is expected in the current year. Camrex Corrosion Consultants returned to profit in 1977 and Camrex Special Coating Services, while still in the early stages of development, is expected to produce better results in 1978.

Group fixed assets at December 31, 1977, were £3.28m. (£3.89m.). The significant change arose partly through the discontinuance of operations at Protec and the change to associated status of Camrex Contractors (Singapore). These reduced the net book value by £400,000.

IN BRIEF

FIRMIN AND SONS (badges, buttons and military ornaments)—Results for 1977 reported April 15. Group fixed assets £320,563 (£287,722). Net current assets £652,499 (£526,317). CCA profit before tax £297,000 (£163,000), after cost of sales adjustment £59,000 (£54,000), additional depreciation £19,000 (£15,000), and gearing adjustment £20,000 (£93,000). Outlook for 1978 encouraging, with sales for first quarter at high level. Further increase in profit anticipated. Meeting, Birmingham June 2, at 12.15 p.m.

JESSEL TOYNBEE AND CO. (bill brokers and bankers)—Results for the year ended April 5, 1978, reported April 27. Bills discounted £199.35m. (£165.72m.)—British Government Treasury Bills £80.94m. (£110.23m.); commercial and other bills—sterling £115.69m. (£75.26m.) and U.S. dollars £2.72m (£0.23m.). Meeting, 30, Cornhill, E.C., June 14, at 3.30 p.m.

BARLOWS (packers and warehousemen)—Dividend 7.865p (same) for 1977. Turnover £255,721 (£321,451). Profit £49,191 (£60,460) before tax £22,361 (£24,731). Extra-ordinary credits £2,272 (nil). Earnings per £1 share 9.2p (10.9p).

POCHIN'S (building civil engineering)—Results for six months to November 30, 1977, reported April 16. The directors say that present results reflect the significant contribution to profits of the full 1977-78 year arising from a development project which has just been completed. Profit for 1976-77 year was a record £577,000.

FAIRBAIRN LAWSON (Engineering packaging, office furniture)—Results for 1977 and prospects reported April 26. Fixed assets £4.94m (£2.96m.), net current assets £7.46m. (£5.08m.). Meeting, Leeds, June 1 at 12.15 p.m.

MOSS BROS. (menswear tailor)—Results for year to January 28, 1978, already known. Fixed assets £1.69m. (£1.61m.), net current assets £1.25m. (£1.22m.). Net liquid funds increased by £0.23m. (£0.96m.). Grovewood Securities holds 11.41 per cent. of equity and Prudential Assurance Company 5.40 per cent. Meeting, 20, King Street, W.C., May 31, at 11.30 a.m.

THOMSON T-LINE CARAVANS—Results for 1977 reported April 27. Group fixed assets £542,747 (£537,541), net current assets £935,512 (£1,037,607). Working capital decreased by £100,504 (£90,185 increase). Meeting, Falkirk, June 1 at noon.

THIRD MILE INVESTMENT—Turnover 1977 £783,956. Profit £72,220 after all charges including tax of £33,100. Earnings per 25p share 2.59p. Final 0.495p, making 0.99p.

SOUTHEND STADIUM—Net receipts for 1977 £154,516 (£150,837), less totalisator tax £63,302 (£67,273). Pre-tax profit £126,719 (£115,208) includes rents receivable £37,456 (£30,617). Tax £63,955 (£59,930). Ordinary dividend 0.347p (0.316p) net per 5p share.

LIDEN (HOLDINGS) (whitewood furniture)—Results for year to November 30, 1977 reported April 22. Group fixed assets £515,594 (£767,145), net current assets £397,045 (£421,758). Meeting, Weybridge, Surrey, May 31, 11 a.m.

Royal suffers from U.K. storms claims

THE ADVERSE weather conditions in the U.K. this winter pushed Royal Insurance into an underwriting loss situation for the first quarter of the year. Overall there was a loss on the period of £1.1m., compared with a profit of £1m. for the corresponding period last year. Premiums written rose only marginally to £319.9m from £315m but, excluding the effect of exchange rates, premium growth was 11½ per cent. Pre-tax profits improved marginally over 1977 ...8m from £27.5m.

Business in the U.S., the main area of operations, continued to improve with an overall underwriting profit of £0.5m compared with a loss of £6.3m. in the first quarter of 1977—the operating ratio being 97.5 per cent. against £104.2 per cent.

This continuing improving trend in the U.S. was achieved despite the severe weather, where on the householders account claims were £1.5m in excess of normal. Private motor business is still making losses. The turnround in business came from the commercial side of the operations primarily in the property account. General liability and workers' compensation recorded a marginal profit while motor was somewhat better.

The group experienced its worst claims experience in the U.K. on the fire and householder accounts in a single quarter for over 10 years. The January storms result in claims £5m above normal as a result of the East coast flood alone. On top of that there was windstorm claims in Eastern England and snow storm in Scotland and the South West. Premium growth on these accounts is coming through satisfactory showing the benefits of index-linking of householders contracts. The motor account showed a small loss with claims frequencies up by 7 per cent. due mainly to the severe weather.

But at present there are no rate increases in the pipeline, the last review being made in September, 1977.

Underwriting outside the UK moved from a profit of £7.3m in the first quarter of 1977 to a loss of £1.6m, the majority of this turnround coming from the UK accounts.

Elsewhere, the underwriting profits in Canada were only slightly lower despite the severe weather, but profits in Australia were down because of the severe competition in that territory resulting in inadequate premium rates. Business in the Netherlands is showing the first signs of improvement following the rate increases made at the beginning of the year to motor business.

Investment income rose by [illegible] per cent. to £27.8m. But this growth was held back by the effects of movements in exchange rates. Otherwise the growth in premium income would have been about 20 per cent.

Mr. Daniel Meinertshagen, chairman of Royal, considers that the results achieved provide a reasonable start to the year considering the severe weather circumstances. But he pointed out that the results of one quarter should not be taken as a reliable ...cator of the outcome for the whole year.

	First quarter 1978 £m.	1977 £m.
General premiums	319.9	315.4
Underwriting loss	1.1	*1.0
U.S. profit	0.5	†6.3
Elsewhere loss	1.6	*7.3
Long-term profits	1.1	[illegible]
Investment income	27.8	[illegible]
Associates	0.8	[illegible]
Profit before tax	28.6	27.5
Taxation	11.1	10.2
Minority	0.2	[illegible]
Attributable	17.3	[illegible]
New Life		
Periodical premiums	4.6	[illegible]
Single premiums	3.7	[illegible]
New sums assured	254.3	[illegible]
New annual annuities	10.1	[illegible]

† Loss. * Profit.

See Lex

Burmah shareholder group to press for documents

BY MARGARET REID

The Burmah Shareholders Action Group is to move a resolution at Burmah Oil's annual meeting requiring the disclosure of documents about the company's takeover of U.S. oil interests in 1973 and the loan agreements which financed the move.

Renegotiation of the terms of the $420m. (originally worth £183m.) loans took place a few weeks before Burmah's financial crisis at the end of 1974 which led to the Bank of England stepping in with rescue aid and buying Burmah's 77.8m. holding of British Petroleum shares. The Burmah shareholders group believes that the information in the documents might have a bearing on the case in which Burmah is suing the Bank of England for the return at the purchase price, plus dividends, of the BP shares. These are now worth about £500m. more than the amount for which they were taken over by the Bank.

One factor which led to the renegotiation by the then Burmah management of the loan agreement with the two banks concerned, Orion Bank and Chase Manhattan Bank, was that the value of Burmah's BP shareholding had dropped heavily in the autumn of 1974.

To replace the original covenant relating Burmah's debt to its assets, the interest rate was raised and a new covenant that interest costs should not exceed a certain proportion of profits was substituted.

The shareholders' group claimed yesterday that the renegotiation of the loans agreements "must have constituted a suicide deal for Burmah"; that it was improbable that the implications of the renegotiation were unknown to the Government; and that it was inconceivable that it was the banks which had precipitated Burmah's crisis.

Mr. Jonathan Stone, honorary treasurer of the group, yesterday described Burmah's excursion into the tanker field in the earlier 1970s as "the largest speculative tanker operation in the world." He could not understand how the loan agreement could have been renegotiated in the autumn of 1974 with an interest-earnings covenant when Burmah's cash flow situation must have been known and its cash crisis was imminent.

His group felt there were missing links in the story which the resolution, to be put on a requisition backed by a sufficient number of shareholders, was designed to elucidate.

Burmah, now headed by Mr. Alastair Down, seems certain to oppose the resolution, having denied access to the papers in question, though it may not think they would disclose much of significance.

The shareholders group has commissioned a report by shipping consultants H. P. Drewry on Burmah's tanker fleet in 1974. The group, which has so far raised £90,000 from among Burmah's 140,000 shareholders, will shortly be asking for further contributions to its expenses.

Modern Engineers Bristol

Order book for the steelwork and metal treatment division of Modern Engineers of Bristol (Holdings) is at a higher level than at the same time last year says Mr. I. W. Adler, the chairman, although margins are again under pressure.

Modern Metal Treatment experienced unforeseen difficulties during the second half of 1977 and he says these account for the reduction in the profit of the group from £319,037 to £252,182 at pre-tax level: "fierce competition and disruption of work flow adversely affected the overall profitability."

Mr. Adler adds that the building services division will make a contribution to profits this year. As at December 31, 1977, net liquid funds increased by £140,486 compared with a £112,102 decrease.

Meeting, Bristol, on June 2 at noon.

SAB

THE SOUTH AFRICAN BREWERIES LIMITED

(Incorporated in the Republic of South Africa)

Preliminary Results and Final Dividends

for the year ended 31st March, 1978

FINANCIAL RESULTS

Consolidated Income Statement

The unaudited results of The South African Breweries Limited and its subsidiary companies for the year ended 31st March, 1978, compared with those for the previous year, as as follows:

	1978 R m	1977 R m	Improvement %
Turnover	1,512.4	1,415.2	7
Profit after taxation	67.6	62.6	8
Outside shareholders and Preference dividends	14.7	15.4	
Attributable to Ordinary shareholders	52.9	47.2	12
Effect of accounting policy changes	3.7		
Adjusted earnings attributable to Ordinary shareholders	49.2		
Earnings per Ordinary share	Cents	Cents	
Before accounting policy changes	24.0	21.5	
After accounting policy changes	22.3	—	
Dividends per Ordinary share			
Interim	3.0	2.5	
Final	8.0	7.0	
	11.0	9.5	16

Accounting Policy Changes

The Board has decided to adopt a more conservative method of accounting for the foreign subsidiaries associated with our Rhodesian interests by deconsolidating their assets and liabilities and bringing to account income only as and when received. The effect of this change has been to reduce earnings in the current year by R1.1m.

Additional replacement depreciation of R2.6m has been charged in the current year on enhanced replacement values of fixed assets in the liquor interests of the Group.

COMMENT

Earnings and Dividend

Earnings attributable to Ordinary shareholders, before adjustments in respect of accounting policy changes, in comparison with the previous year, increased by R5.7m or 12% to total R52.7m representing 24 cents per share.

The increase in earnings was brought about by a significant improvement in the profits of the Beer Division which maintained its market position and achieved better profit margins than in the previous year. Stellenbosch Wine Trust, in a depressed wine and spirit market, also did well to better their previous year's performance. Within the diversified interests of the Group which, in aggregate, contributed profits at the same level as in the previous year, Southern Sun and Shoe Corporation achieved satisfactory profit improvements and Rholrew and O.K. Bazaars turned in creditable performances in substantially maintaining the previous year's profit levels. Income from investments (Retco and UDC) and the Group's furniture interests was below that of the previous year.

After adjusting earnings by R3.7m for the effect of accounting policy changes, earnings attributable to Ordinary shareholders were reduced to R49.2m, equivalent to 22.3 cents per share.

Because of the adoption of the more conservative accounting policies referred to above the Board has decided to move to a twice-covered dividend position. On the basis of the improved earnings, the Board has declared a final dividend of 8.0 cents per share, making the total dividend distribution for the year 11.0 cents, which is 16% greater than that declared in respect of the previous year.

FUTURE PROSPECTS

An improvement in overall economic activity is forecast for the coming year and, in line with this, improved Group earnings are expected.

For and on behalf of the Board,
F. J. C. CRONJE (Chairman)
R. J. GOSS (Managing Director)

2 Jan Smuts Avenue,
Johannesburg, 2001.
10th May, 1978.

DECLARATION OF FINAL DIVIDENDS

NOTICE IS HEREBY GIVEN that on 10th May, 1978, the Directors declared the following final dividends on account of the year ended 31st March, 1978, payable on or about 7th July, 1978, to shareholders registered on 26th May, 1978:

ORDINARY SHARES

A final dividend of 8.0 cents per share, which together with the interim dividend of 3.0 cents per share paid on 30th December, 1977, represents a total for the year of 11.0 cents per share (last year's total dividend 9.5 cents per share).

PREFERENCE SHARES

Final dividends calculated in respect of the six months ended 31st March, 1978:

Class	Nominal Value per share	Dividend per share
6.2% Cumulative	R2.00	6.2 cents
7.0% *Convertible* Redeemable Cumulative	R1.00	3.5 cents
8.0% Redeemable Cumulative	R1.00	4.0 cents
7.0% Cumulative	R1.00	3.5 cents

The foregoing dividends are declared in the currency of the Republic of South Africa. Warrants in payment will be posted on or about 7th July, 1978, to members at their registered addresses or in accordance with their written instructions and will be despatched from the office of the Transfer Secretaries in Johannesburg to all payees except those to whom payment will be made from the office of the London Secretaries of the Company (Barnato Brothers Limited, 99 Bishopsgate, London EC2M 3XE).

Any instructions which will necessitate an alteration in the office from which payment is to be made must be received on or before 26th May, 1978.

Payments from the office of the London Secretaries of the Company will be made in United Kingdom currency calculated by reference to the rate of exchange ruling on 26th June, 1978, or at a rate not materially different therefrom.

South African Non-Resident Shareholders' Tax at the rate of 12.633% and United Kingdom Income Tax will be deducted from the dividends where applicable.

The Transfer Books and Registers of Members in respect of the shares which are the subject of this notice will be closed from 27th May to 4th June, 1978, both dates inclusive.

By Order of the Board.
B. C. WAIGEL,
Group Secretary.

2 Jan Smuts Avenue,
Johannesburg, 2001.
10th May, 1978.

£2.26m. midway deficit by Akroyd & Smithers

A TURNROUND from a £10.41m. profit to a £2.26m. pre-tax loss is reported by Akroyd and Smithers, the jobbing concern, for the 26 weeks to March 31, 1978. Turnover, being the aggregate value of sold bargains, rose from £13.14m. to £15.64m.

The directors say the disappointing results reflect the difficult market conditions. As known, the year began in a confused atmosphere which was scarcely conducive to profitable jobbing and these conditions continued throughout the period. However, trading in the last month has proved reasonably satisfactory, they say, but it is more than usually difficult to forecast the actual results for the year.

There is a tax credit for the period of £1.37m. compared with a charge of £5.54m.

The interim dividend is held at 5p net per 25p share. Last year a second interim of 11.7538p was paid and the directors still intend to declare a third interim for 1976-77 in the autumn. Profits for all 1976-77 came to £15.51m.

The loss carried forward is £1,288,000 (retained profit £4,465,000) and the loss per share is shown at 11.1p (earnings 60.8p).

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Burton. Caplan Profile. Herman Smith, Lloyds and Scottish. Midland Industries. National Bank of Australasia, Transvaal Consolidated Land and Exploration. Warner Estates. John Williams of Cardiff.

Finals: Atlas Electric and General Trust, Copydex, Andrew R. Findlay. W. G. Frith, Gleves, Matthew Hall, Highcroft Investment Trust. Holt Lloyd International, Inter-City Investment, J.B. Holdings. King and Shaxson, London and European. Morris and Blakey Wallpapers. Newman Industries. Nineteen Twenty-Eight Investment Trust. Sunlight Service. Turriff. C. and W. Walker.

FUTURE DATES

Interims—	
Jessups	May 15
Reo Stakis Organisation	May 16
Yorks. and Lancs. Invest. Trust	May 16
Finals—	
Advance Laundries	May 23
Blockleys	May 18
British Vending Industries	May 16
Brunning	May 24
Duport	May 17
Fashion and General Investment	May 19
Fidelity Radio	May 16
Furness Withy	May 16
Hargreaves	June 13
Hill (Charles) of Bristol	May 12
Kayser Bondor	May 25
Kwik-Fit	May 16
Le Bas (Edward)	May 19
Normand Electrical	June 1
United Engineering Indus's.	May 17
Young Co's. Investment Trust	May 15

GREENBANK INDL.

Grovewood Securities, which holds 10.28 per cent. of the capital of Greenbank Industrial Holdings and has options to acquire a further 19.68 per cent. of the capital has failed in an attempt to put a nominee on the Board of the company at the Annual General Meeting.

A proposition proposing the election of Mr. Anthony Aman as a director was defeated on a poll. Voting in favour of the motion was 4,586,420 and against the election of Mr. Aman 5,329,544.

Transatlantic and General increase

Revenue for the year to March 31, 1978, of Transatlantic and General Investments rose from £130,856 to £190,940 before tax of £87,845 against £59,050.

The final dividend is 2.25p net per £1 share for a 4.5p (3.75p) total.

Tricoville up 29% so far

RECORD pre-tax profits, up 29 per cent. to £318,000, against £245,000 for the half year to January 19, 1978, are reported by Tricoville—which designs, produces and markets fashionwear. Shareholders of this "close company" are to receive a 28 per cent. increase in the interim dividend to 0.9p per share, against 0.7p, absorbing £27,000 (£21,000). Last year's total was 1.82375p and profits came to £0.56m.

"We are confident that for the eighth successive year of trading as a public company the group will again show record profits," states Mr. D. A. Jacobs, the chairman.

Turnover is up to £4.84m. (£4.4m.) and, after tax of £144,000 (£112,000), net profit is 30 per cent. higher at £174,000 (£133,000).

A second open-day is to be held on May 20, at the London showroom in Great Portland Street. Shareholders (and their close families) on the register at May 10 holding a minimum of 300 shares—or non-shareholders acquiring them from that date—will have the opportunity to purchase garments at wholesale prices—from 45 per cent. below retail prices.

British Borneo lower

AFTER ADVANCING £12,600 to £0.47m. at halftime, taxable profit of British-Borneo Petroleum Syndicate ended the March 31, 1978, year down from £767,554 to £746,019.

Dividends and interest on investments contributed £495,891 (£504,144) of the total and the short term interest, other income and profits on the realisation of investments yielded £399,606 against £405,706 last time.

The result is subject to corporation tax of £128,550 (£240,444) and tax on franked investment income of £132,031 (£123,651).

The final dividend of 4.463p net per 10p share takes the total for the year to 6.743p (6.099p).

The stock exchange value of listed investments at balance date was £9.43m. (£9.17m.).

Sheffield Brick second half downturn

A second-half downturn from £76,000 to £60,000 caused Sheffield Brick Group to finish 1977 with lower taxable profits of £145,000 compared with £155,000 on turnover ahead to £2.65m. against £2.44m. Earnings per 25p share are shown as 4.8p (3.8p) and the dividend is effectively raised from 2.225p to 2.85p net with a final of 2.1p.

The directors state that the financial position of the company has never been stronger and the disposal of the brick-making activity was well timed and will enable the group to consolidate and to concentrate on the manufacture and sale of architectural ironmongery.

Pre-tax profit was struck after exceptional debits of £43,000 (£29,000) and included other income of £23,000 (£19,000). Tax took £51,000 (£80,000) leaving a net profit of £94,000 (£75,000). There was an extraordinary debit for 1977 of £23,000.

Perry confident of growth

MR. J. F. MACGREGOR, the chairman of Harold Perry Motors, says in his annual statement that the motor industry's forecast of the number of new cars which will be registered in 1978 has been raised to 1.6m., about 20 per cent. more than the total for 1977, and that the group's share of these expanded markets will depend on how, in an increasingly competitive climate, the public rate the Ford range of vehicles, against their rivals, and on the level of production which the Ford factories achieve.

He states the group has made a good start to the current year with first-quarter pre-tax profit ahead from £0.61m. to £1.1m., and new car sales running about 47 per cent. up on the same period last year.

He says he will be surprised and disappointed if 1978 does not prove to be yet another year of growth in sales and profit.

As reported on April 21, pre-tax profit for 1977 jumped by 75 per cent. from £1.58m. to a record £2.77m. on turnover of £67.33m. against £51.64m. The dividend is lifted to 5.383p (4.86p) and a one-for-one scrip issue is also proposed. On a CCA basis pre-tax profit is shown as £1.83m. after adjustments for: depreciation £0.44m.; cost of sales £0.59m. and gearing factor £94,000.

Mr. Macgregor says that he gains little satisfaction from the fact that frequent price increases and an insufficient supply of new cars and vans inevitably produced higher profit margins. Without these distorting weaknesses he says, Perrys would have been trading in a tougher competitive environment, but he is confident that it would have achieved far greater real growth in volume and profit. And, he adds, more customers would have been supplied and far more motorists would have afforded to become Perry's customers.

As at December 31, 1977, there was a reduction in bank overdrafts of £0.64m. (£0.85m.). As at April 19, 1978, as joint trustees, the chairman and Mr. P. G. Perry had non-beneficial interests in 12.6 per cent. of the issued equity.

Meeting, 89, Pall Mall, S.W., June 1 at noon.

G. Whitehouse at £56,000 midterm

Turnover for the 26 weeks to end 1977 of George Whitehouse (Engineering) rose from £5.7m. to £5.88m. and profits advanced from £31,000 to £56,000, subject to tax of £29,000 (£16,000). Last year there were extraordinary credits of £8,000.

Basic earnings are shown at 3.6p (2p) per 50p share and the interim dividend is effectively raised from 0.8125p to 0.9075p net. Last year's total was equal to 2.086p after the consolidation from 10p shares and profits came to £179,000.

The directors consider that materially the whole of the tax liability for the current year will be deferred.

They say that prospects for the second half are moderately encouraging and present indications are that results for the year will show a modest improvement. They consider that a final dividend of 1.3871p net could be recommended making a total for current year of 2.2946p the maximum permitted.

Good start For Wadkin

IN HIS annual statement Mr. W. L. Sims, the chairman of the Wadkin group of woodworking machinery and machine tool manufacturers and distributors, etc., says that the home market for woodworking machinery has considerably improved during the current year and he anticipates that an improved level of home business will be maintained.

In the export market, no major country abroad has, as yet, reflated its economy and the division is currently trading in what is very much a buyer's market, but the directors are working diligently to maximise the market share.

The machine tool division continues to expand its business and so far has had a very successful year. During the year the division will continue to modernise its plant and extend its facilities, so that if the hoped for upturn comes it will be in a good position to supply an expanding world market.

External Inv. Trust dips to £0.49m.

Subject to tax of £225,465 compared with £231,016 previously, revenue of External Investment Trust dipped from £501,219 to £490,636 in the March 31, 1978, year.

After a halfway forecast of a final dividend of at least 2.25p, a 2.5p dividend is proposed, taking the total from 3.75p to 4.75p net per £1 share.

The asset value per share is shown at 175p (162.6p) and diluted at 174.1p (163.3p).

U.K. ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output, engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs
1977							
1st qtr.	103.2	105.2	109	103.3	216.4	1,330	na
2nd qtr.	102.0	103.0	105	102.5	222.0	1,330	163
3rd qtr.	102.7	103.7	107	104.3	234.2	1,418	151
4th qtr.	102.0	102.9	107	104.4	239.4	1,431	137
Oct.	101.7	102.7	107	102.7	234.2	1,433	153
Nov.	101.6	102.1	100	103.1	236.3	1,433	156
Dec.	102.5	103.7	115	106.9	246.0	1,428	163
1978							
Jan.	103.0	103.2	107	104.9	241.0	1,419	180
Feb.	103.8	103.8		106.8	246.5	1,409	187
March				107.0	249.8	1,400	196
April						1,387	204

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
1st qtr.	115.8	99.4	106.1	100.4	83.9	104.4	19.9
2nd qtr.	113.3	97.8	105.2	98.9	80.5	99.9	25.1
3rd qtr.	115.3	97.9	104.8	99.4	83.3	100.7	25.4
4th qtr.	117.0	97.6	101.1	99.1	74.8	100.0	20.7
Nov.	116.0	97.0	101.0	99.0	70.0	98.0	21.2
Dec.	118.0	98.0	102.0	100.0	79.0	101.0	16.1
1978							
Jan.	116.0	99.0	104.0	100.0	76.0	100.0	17.5
Feb.	116.0	99.0	106.0	100.0	79.0	102.0	15.3
March							20.0

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
2nd qtr.	118.0	109.8	−764	−364	−745	100.3	14.9
3rd qtr.	124.1	106.4	+ 54	+483	−602	101.0	13.4
4th qtr.	117.9	102.6	+ 45	+351	−657	102.4	20.39
Nov.	115.3	98.4	+ 68	+170	−154	102.4	20.39
Dec.	118.9	108.1	− 76	+ 26	−275	103.1	20.56
1978							
1st qtr.	121.1	114.0	−518	−218	−646	105.0	20.63
Jan.	112.6	114.4	−334	−234	−236	105.4	20.87
Feb.	128.7	110.7	+ 80	+180	−202	104.7	20.7
March	121.9	117.0	−264	−164	−208	104.8	20.32
April							17.04

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m.); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m.	BS inflow	HP lending	MLR %
1977							
2nd qtr.	35.0	15.3	5.5	+769	1,290	1,047	8
3rd qtr.	36.7	14.9	20.3	+365	1,084	1,149	7
4th qtr.	21.2	14.1	8.4	+756	1,565	1,189	7
Nov.	41.4	19.5	6.1	+299	554	401	7
Dec.	21.2	14.1	8.4	+109	421	410	7
1978							
1st qtr.	19.9	16.2	17.5	+1,369	1,049	1,260	6½
Jan.	24.3	16.2	13.4	348	388	429	6½
Feb.	21.9	18.4	17.9	384	353	418	6¼
March	19.9	16.2	17.5	437	308	413	6½
April							7

INFLATION—Indices of earnings (Jan. 1976=100), basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
2nd qtr.	114.5	347.7	259.2	181.9	191.1	250.0	61.6
3rd qtr.	116.1	340.5	267.7	184.7	192.1	239.9	61.8
4th qtr.	119.9	330.6	272.1	187.4	193.3	234.20	63.3
Nov.	120.1	329.9	272.0	187.4	192.9	238.34	63.6
Dec.	121.7	328.0	273.3	188.4	194.8	234.20	63.8
1978							
1st qtr.		326.7	278.9	190.6	197.3	238.61	64.6
Jan.	121.5	324.9	277.1	189.5	196.1	226.41	66.0
Feb.	122.6	324.2	279.2	190.6	197.3	224.86	66.0
March		330.9	280.5	191.8	198.4	238.61	61.8
April		337.2	282.6			238.94	61.4

* Not seasonally adjusted.

Tricoville

Design, production and marketing of fashionwear

Record interim results

Pre-tax profit	29% up	—£318,000
Turnover	10% up	—£4,839,000
Dividend	28% up	— 9p

We are confident that for the eighth successive year of trading as a public company the group will again show record profits.

Interim statement from: The Secretary, Tricoville Limited 91-93 Great Portland Street, London W1N 6DP

GIBBS AND DANDY LIMITED

"A further improvement in the results"

J. Dandy, Chairman

Salient points from the Statement by the Chairman for the year ended 31 December 1977.

- A further improvement in the results. Profit before tax advanced from £306,770 in 1976 to £403,472.
- Within the building industry now there are some signs of optimism as far as new work is concerned.
- The efforts made during 1977 to generate new business were not without success and have continued in the current year.
- Your Board will continue its efforts to maintain the upward trend of the past three years.

GIDAN HOUSE, CHAPEL STREET, LUTON LU1 2SF

Devenish

Brewers—Weymouth & Redruth

J. A. Devenish & Company Limited announce unaudited Group Results for the 24 weeks ended 17th March, 1978.

	This Year £	Last Year £	Full Year to 30.9.77 £
Turnover—excluding V.A.T.	5,303,853	4,733,726	12,880,095
Profit before Tax	166,222	207,064	1,318,190
Corporation Tax—estimated	86,400	107,500	608,665
Profit after Tax	79,822	99,564	709,525
Preference Dividend	6,243	6,243	12,487
Profit attributable to Ordinary Shareholders	73,579	93,321	697,038
Interim Ordinary Dividend	78,183	73,584	217,074
Rate of Ordinary Dividend	8½%	8%	23.6%

I am pleased to report that in spite of very unfavourable conditions from the 1st January our trading Companies have produced profits comparable with last year. The fall in Group profit is largely accounted for by a reduction of approximately £30,000 in the amount of interest received on short term deposits.

For the benefit of new shareholders I must repeat that our trading pattern is highly seasonal and over three quarters of our annual profit is normally achieved in the summer months. The Interim Dividend is increased to 8½%.

Warrants will be posted on the 13th July payable on the 14th July to shareholders on the Register at close of business on 29th June. Ordinary Share Register closed 30th June to 13th July.

A. E. Ledger Hill Chairman.

ANZ BANK

Base rate

Australia and New Zealand Banking Group Limited announces that on and after 11th May 1978 its base rate will be

9 per cent. per annum

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

BIDS AND DEALS

Dorada in fight for control of BSM

Two potential suitors yesterday indicated they are prepared to pay in excess of £3m. for the two private companies that control the British School of Motoring.

The companies are Dorada Holdings, the motor vehicle distributor, and Mr. Anthony Jacobs, chairman of the British School of Motoring and a substantial shareholder in the two companies that control it, Mansion House Finance and Taurus Vehicle Leasing.

Merchant banker, Lazard Bros., Mansion House's advisers, said that it is reviewing the terms and conditions of the potential bids and that the Mansion House Board had recommended that shareholders take no action until the review had been completed and a formal announcement made.

Dorada's chairman, Mr. T. Kenny, said yesterday that his company would offer a mixture of shares and cash for the capital of the two controlling companies. "The offers to be made are equivalent to £6.25 in Dorada Ordinary shares or £6.15 in cash for each MHF share and TVL share treated as a unit," he said. "The cash alternative values the MHF group at £3,075,000.

Details of Mr. Jacobs' potential offer were not disclosed yesterday but it is understood that it, too, values the group at slightly in excess of £3m. Both parties have indicated they would buy out the £1m. 9 per cent. secured debenture stock of the group, due in 1983, at par.

When Mr. Jacobs became chairman of BSM in September 1973, the group had an annual turnover of £4m., 1,000 cars in its fleet and 1,200 instructors. In the year to September 30, 1977 the annual turnover reached £8m., pre-tax profit was some £620,000 for the group an dthe vehicle fleet had expanded to 1,400.

Mr. Kenny yesterday estimated that the BSM group's asset backing is approximately £1.8m. (net of deferred tax). The benefits of the bid for Dorada were more than just additional earnings and assets, he said.

Dorada would supply the cars for the learner-driver fleet, service them and sell them. He indicated that this would mean replacement of the fleet annually and would add 1,400 units to the 15,856 units that the group sold last year. As well, Dorada would benefit from the new and used car sales that would follow successful completion of driving instruction.

LONRHO/SUITS

A decision on whether Lonrho's contested bid for Scottish and Universal Investments will be referred to the Monopolies Commission could come on Friday said Mr. Roy Hattersley Secretary of State for Prices and Consumer Protection yesterday.

Mr. Hattersley said that he had received the recommendation on the bid from the Office of Fair trading and that he planned to meet Lonrho and SUITS representatives to-day—after which he hoped to reach a decision overnight, "provided the situation did not prove too complicated." The offer is due to close on Friday.

It is thought that the Lonrho bid will be discussed at a Cabinet meeting to-day after which it is expected that Mr. Hattersley will meet with the Lonrho and SUITS representatives.

The offer of 11 Lonrho shares for every six SUITS shares valuing the Scottish company at around £40m. has created widespread political interest in Westminster with a number of Scottish Labour MPs pressing Mr. Hattersley to send the bid to the Monopolies Commission.

However sources close to the SUITS directors who have opposed the bid believe that there is an equally strong "foreign lobby" which is opposed to a Monopolies probe and that the final outcome is still far from decided.

Nash selling Gailey for £2.65m.

Black and Edgington, the caravan and workwear group, is to purchase the capital of Gailey Group, the caravan distributor subsidiary of J. F. Nash Securities, for £2.65m.

Black will issue £1.9m. new shares which will pass directly to Nash shareholders on the basis of one new Black share for every two Nash shares. This issue pegs the 1,669,531 new Black shares at about 113p per share compared with its closing price of 116p on Tuesday.

Gailey, which operates 22 caravan sales centres in England and Wales, has paid to Nash, an industrial holding group, dividends totalling £750,000. It paid £450,000 for the year ended September 30, 1977 and £300,000 for the current year.

The transaction appears to be beneficial to both parties. Based on its audited balance sheet at September 30, 1977 (and after deducting the dividend paid to Nash), Gailey had net tangible assets of £2.1m.

Although it had a difficult year with pre-tax profits down from £500,000 to £289,000 in 1977, Gailey's 22 retail outlets clearly appealed to Black which early last year bought the rapidly expanding business of A-Line Caravans, the third largest caravan manufacturer in the U.K.

The Gailey acquisition which will increase the Black Ordinary capital by 10 per cent. from £8.3m. to £9.2m., follows closely after three acquisitions in the industrial workwear field.

Nash will be disposing of a subsidiary whose poor trading performance depressed its pre-tax profits by £180,000 to £717,000 for the year ended September 30, 1977. Gailey's 42 per cent. shortfall was caused by a forced change of distribution and franchise policy and an abnormally low level of retail sales of caravans throughout the country.

Subsequently early this year, Nash announced the sale of Gailey's four caravan holiday parks at Combe Haven, North Somercotes, Ashcroft and Dinas Cross for £1.67m. plus stock at valuation.

As a result of the Gailey sale, Nash's net tangible assets will be reduced from £3.65m. (108p per share) to £1.86m. (56p). The sale is virtually guaranteed as J. F. Nash Holdings, the private investment company owned by the Nash family, and Mr and Mrs J. F. Nash, who together hold 76 per cent. of Nash equity, have undertaken to vote in favour of the agreement.

In addition, Nash Holdings has warannted to Black that Gailey's pre-tax profits for the current year will not be less than £300,000. In the event of the profits being less, the company will pay to Black in cash any shortfall up to a maximum payment of £200,000.

Black has indicated that Gailey will continue to operate as a separate trading unit under its present management team.

On completion of the sale, Mr. J. F. Nash, the chairman of Nash and Gailey, will join the Board of Black. His family interests will then hold about 7 per cent. of the Black equity. The agreement is subject to the approval of the relevant authorities.

WCP DISPOSAL

Westminster and County Properties has sold the residential development properties and offices of its subsidiaries R. M. Wilson (Builders), Ronald Wilson (Properties) and Wishbourne Investments to the French House group for £1.2m.

The cash raised is to be used to reduce secured borrowings of £800,000, while the balance of £400,000 will be used to cut other borrowings and to expand the Westminster's other businesses.

In its last balance sheet Westminster showed borrowings of around £2.3m. compared with shareholders' funds of just over £1m. The sale price of £1.2m. compares with a book value of £930,000.

FULL OFFER FOR HENSHALL

Boybourne, a private company, is to follow up its purchase of a 50 per cent. stake in W. Henshall and Sons (Addlestone), manufacturer of aircraft interior equipment, with a general offer for its remaining capital. The total cost of the takeover will be £0.5m.

The offer is 20p in cash for each Henshall share. Boybourne paid the same price for its initial 50 per cent. stake.

Boybourne is owned by John E. Clarke and Co. (Bournemouth) and F. W. Cook (Mechanical Services), the largest members of a private group of companies owned by the family interests of Commander R. MacDonald-Hall and Mr. Jeffrey South.

The group has extensive interests within the aerospace industry and is currently working with Henshall on joint projects. Henshall made pre-tax profits of £73,414 for the first half ended September 30, 1977, against £61,697 in the corresponding period of 1976.

NO PROBE

Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, has decided not to refer the proposed merger between Lesney Products and Metal Castings Doehler to the Monopolies and Mergers Commission.

MONEY MARKET

Unsettled trading

Bank of England Minimum Lending Rate 8¾ per cent. (since May 5, 1978)

Conditions remained very nervous in the London money market yesterday, with market observers suggesting any level up to 10 per cent. as the likely rate for Bank of England Minimum Lending Rate this week. Some discount houses took a very defensive position, quoting an exceptionally large spread between buying and selling rates for Treasury bills. Buying rates for three month Treasury bills at the close ranged between 8¾ per cent. and 8⅞ per cent., illustrating the nervousness in the market, and pointing towards a MLR of 9 per cent. to 9½ per cent.

The authorities continued to soothe market sentiment by buying more than enough bills from the discount houses to relieve the underlying shortage of funds yesterday.

The Bank of England gave moderate assistance by buying a small amount of Treasury bills from the discount houses, and a small number of local authority bills.

Banks brought forward surplus balances. Government disbursements exceeded revenue payments to the Exchequer, and the market was also helped by a slight fall in the note circulation. On the other hand there was a fairly large net take-up of Treasury bills to finance, and a fairly large number of maturing local authority bills held by the authorities.

Discount houses found secured call money at 4 per cent. in places, but closing balances were generally firm at 5-6½ per cent., even though the amount of help was probably overdone. In the interbank market overnight loans opened at 7-7½ per cent., and eased to 5-5½ per cent. after lunch, before closing at around 7 per cent.

May 10 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	5-7¼		—	—	6½-7	4-6½	—	—	—
2 days notice	—	—	7¼-7⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	8-8¼	—	—	—	—
7 days notice	-	7⅝-8	7⅞-8	-	8½-8⅝	9[illegible]	6½-6¾	—	—	—
One month	8[illegible]-8⅝	8[illegible]-8⅞	8½	9-8½	8¾-9	9½	7¾-8	8[illegible]-8[illegible]	8[illegible]-8[illegible]	9
Two months	9-8[illegible]	8⅞-9¼	—	9-8½	9-9¼	—	8¼	8[illegible]-8[illegible]	8[illegible]-8[illegible]	9⅛
Three months	9[illegible]-9[illegible]	9⅛-9½	9	9-8⅝	9⅝-9¾	—	8¼	8⅝-8⅞	9[illegible]-9[illegible]	9¼
Six months	9[illegible]-9[illegible]	9½-9¾	9½-9⅝	9½-8[illegible]	9½-9¾	—	—	—	9[illegible]-9[illegible]	9½
Nine months	9½-9[illegible]	9[illegible]-10	—	9[illegible]-9[illegible]	10¼	—	—	—	—	—
One year	9[illegible]-9[illegible]	9[illegible]-10[illegible]	9¾-9[illegible]	9⅞-9⅝	10¾	—	—	—	—	—
Two years	-	—	10½-10¾	-	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years [illegible] per cent., four years [illegible] per cent., five years [illegible] per cent. ф Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9[illegible] per cent.; four-month trade bills 9[illegible] per cent. Approximate selling rates for one-month Treasury bills [illegible] per cent., two-month [illegible] per cent. and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent., two-month [illegible] per cent. and three-month [illegible] per cent. One-month trade bills [illegible] per cent., two-month 9 per cent. and also three-month 9[illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) 7½ per cent. from May 1 1978. **Clearing Bank Deposit Rates** for small sums at seven days' notice 6 per cent. **Clearing Banks Base Rate** for lending 9 per cent. **Treasury Bills:** Average tender rates of discount 8.2[illegible] per cent.

J. Hewitt & Son (Fenton) Limited

Manufacturers of domestic and industrial refractories, kiln furniture and electrical porcelain.

SATISFACTORY START TO CURRENT YEAR

	1977 £'000s	1976 £'000s	1975 £'000s	1974 £'000s
Sales	2.288	2,256	1,688	1,406
Profit before tax	214	260	135	77
Cost of dividends	25	22	21	19
Earnings per share	4.5p	5.6p	3.0p	1.5p

Extracts from the Statement by the Chairman, Mr. J. K. Hewitt:–

I anticipated that the exceptional record level of profit reached in 1976 would be unlikely to be achieved in 1977 and this proved to be the case. However the overall steady growth of the Company in terms of sales, profits and earnings has been satisfactorily maintained and your Board recommend that the dividend be increased from 0.924p per share to 1.032p per share. Exports increased in value from £407,636 in 1976 to £501,416 in 1977. Additional overseas markets were supplied in 1977 and efforts to widen these markets will continue.

The current year has started with a satisfactory level of trading and the forward order position, especially in kiln furniture for the ceramic industry, is very satisfactory. Further capital expenditure (for which the Company has adequate resources) will be necessary to maintain the forward momentum of the Company.

PRETORIA PORTLAND CEMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

INTERIM REPORT FOR THE SIX MONTHS ENDED 31 MARCH 1978

RESULTS

The consolidated results of the Group for the six months ended 31 March 1978 are shown below together with the results for the six months ended 31 December 1976, for the nine months ended 31 March 1977 and for the fifteen months ended 30 September 1977.

	Unaudited 6 Months ended 31 March 1978 R000	Unaudited 6 Months ended 31 Dec. 1976 R000	Unaudited 9 Months ended 31 March 1977 R000	Audited 15 Months ended 30 Sept. 1977 R000
Turnover	65 062	39 704	65 951	122 362
Profit before taxation	9 103	9 082	13 113	25 133
*Less: Taxation (including provision for deferred taxation)	2 869	2 732	4 174	8 736
Profit after taxation	6 234	6 350	8 939	16 397
Less: Attributable to outside shareholders in susbidiary companies	330	411	596	812
Consolidated Net Profit	5 904	5 939	8 343	15 585
Less: Transfer to plant replacement reserve	1 338	1 372	2 107	3 020
Distributable Profit	4 566	4 567	6 236	12 565
Dividend declared (R000)	1 347	1 111	1 111	4 629
Number of fully paid shares in issue ranking for earnings and dividends (000)	14 969	12 343	14 969	14 969
**Earnings Per Share on:				
—Consolidated Net Profit	39.4c	48.1c	63.1c	112.0c
—Consolidated Net Profit excluding benefit of investment allowances	38.5c	38.9c	49.5c	99.3c
—Distributable Profit	30.5c	37.0c	47.2c	90.3c
Dividends per share	9.0c	9.0c	9.0c	32.5c

* Reduced by an adjustment of R588 000 to the provision for deferred tax at 30 September 1977 resulting from the change in the rate of taxation.

** Calculated proportionately in respect of shares issued.

TRADING RESULTS AND PROSPECTS

Cement

Profits in the cement division have been severely affected by the depressed domestic demand, with sales volumes being substantially less than in the six months to 31 December 1976. Exports have contributed to the increase in turnover but the profits from this source have been marginal.

Lime

The Northern Lime Company, Limited became a wholly-owned subsidiary with effect from 1 January 1977 since which date its results have been consolidated. The sustained demand for lime has resulted in satisfactory profits.

Earnings Per Share

The directors have resolved that the plant replacement reserve shall be regarded as non-distributable and consider that shareholders should measure the performance of the company on earnings per share calculated after taking into account the transfer to plant replacement reserve. That transfer has been shown as an appropriation and not as a charge against consolidated net profit in order to conform with generally accepted accounting practice.

Prospects

The price increase granted with effect from 1 April 1978 will assist the cement industry and your company in achieving a more acceptable return on shareholders' funds. This, together with the continued strong demand for lime, should result in a marginal improvement in earnings per share compared with those for the 15 months ended 30 September 1977 adjusted proportionately to 12 months.

CAPITAL EXPENDITURE

Capital expenditure to be incurred over a period of approximately five years totals R61 241 000. This expenditure is stated in current values and is to be met from earnings and finance already arranged.

DIVIDENDS

An interim dividend of 9.0 cents per share (1977 9.0 cents) has been declared and a formal notice of this declaration is published herewith.

ASSETS

At 30 September 1977 it was estimated that the cement producing assets of the Group had a replacement value of R86.5 million in excess of net book value. Your directors are of the opinion that at 31 March 1978 there has been no material change in that excess.

SHARE CAPITAL

There has been no change in the authorised and issued capital of the company during the period under review.

For and on behalf of the Board
G. H. BULTERMAN, Chairman
J. P. CRONJE, Deputy Chairman.

10 May 1978.

DECLARATION OF DIVIDEND NO. 141

Notice is hereby given that dividend No. 141 of 9.0 cents per share has been declared as an interim dividend payable to shareholders registered in the share register of the company at the close of business on 26 May 1978.

The transfer books and registers of members of the company in South Africa and the United Kingdom will be closed from 27 May 1978 to 2 June 1978, both days inclusive, for the purpose of determining shareholders to whom the dividend will be paid. Dividend warrants will be posted on or about 14 July 1978 to shareholders at their registered addresses or in accordance with their written instructions received up to and including 26 May 1978.

The dividend is declared in the currency of the Republic of South Africa and the rate of exchange at which the dividend will be converted into United Kingdom currency for payment of the dividend from the United Kingdom Share Transfer Office will be the telegraphic rate of exchange between South Africa and the United Kingdom ruling on the 1st business day after 30 June 1978.

In terms of the South African Income Tax Act, 1962, as amended, a non-resident shareholders' tax at the rate of 14.52 per cent will be imposed on dividends payable to:
(a) persons other than companies, not ordinarily resident nor carrying on business in South Africa, and
(b) companies which are not South African companies,
and the company will accordingly deduct the tax from dividends payable to shareholders whose addresses in the share register are outside the Republic of South Africa.

By order of the Board
F. D. W. PEACHEY, Secretary.

10 May 1978.

Registered Office:
Sixth Floor, Barwing House,
29 De Beer Street, Braamfontein,
JOHANNESBURG 2001
(P.O. Box 31181, Braamfontein 2017).

Office of the United Kingdom Secretaries:
Charter Consolidated Limited,
40 Holborn Viaduct,
London EC1P 1AJ.

CENTROBANCA

BANCA CENTRALE DI CREDITO POPOLARE
Head Office in Milan Corso Europa n. 20
Capital Lit. 30.000.000.000
Registered at the Milan Tribunal Chancery under n. 53177

The annual general meeting was held at the headquarters of Centrobanca, corso Europa 20, Milan, on 7 April 1978 under the chairmanship of Mr Lino Venini. The shareholders adopted the accounts for the year 1977, which closed with a net profit of Lire 3.864.278.887 (including the net profit of the Agricultural Financing Section, i.e. Lire 127.340.901). The company declared a dividend of 7% per share (par value Lire 1,000).

In the course of the year Centrobanca accepted loan applications totalling Lire 533.6 billion (+115.3% on 1976), disbursed loans totalling Lire 374.9 billion (+92.1%) and on 31/12/77 had loans in being for a total of Lire 768.8 billion, an increase of 61% on the end-1976 figure.

Managed funds increased from Lire 909.4 billion at end-1976 to Lire 1.293.3 billion at end-1977, an increase of 42.2%. The bulk of the increase came from certificates of deposit (+Lire 231.9 bn) and bonded loan issues totalling Lire 130 bn.

The commitments arising from accepted applications are adequately covered by available funds, which amounted as at 31/12/77 to Lire 464.2 billion (+19.1%), to which will be added Lire 132.4 bn in 1978 from loan repayments.

After reserve and risk fund provisions, net assets as at 31/12/77 stood at Lire 56.1 bn (Lire 47.2 bn at end-1976).

The share capital of Lire 30 billion is entirely held by the Cooperative Banks, since the shares of Centrobanca cannot by its Articles of Association, belong to anyone but such banks and their clearing institution (Istituto Centrale delle Banche Popolari Italiane).

Following the amendment to number 17 of the Articles of Association, whereby the Board may be increased from 15 to 19 members, the Shareholders appointed the following new Directors: Italo Arrighi, Luigi Bacci, Mario Irolli and Michele Stacca.

They also appointed Franco Gazzola as alternate auditor.

The Board of Directors and the Board of Auditors now consist of the following members: *Board of Directors*—Chairman: Lino Venini; Vice-Chairmen: Giosuè Ciapparelli and Lorenzo Suardi; Directors: Italo Arrighi, Luigi Bacci, Giancarlo Bellemo, Pietro Bianchi, Franco Carniglia, Giovanbattista Cartia, Corrado Danieli, Wolmar Gasparini, Mario Irolli, Piero Melazzini, Alfredo Novellati, Carlo Pavese, Alberto Pavesi, Carlo Pavesi, Giorgio Pulini, Michele Stacca.

Secretary: Marcello Gentile, General Manager.

Board of Auditors—Chairman: Francesco Parrillo; Substantive Auditors: Enzo Droandi, Attilio Petri, Giancarlo Rossi, Paolo Serra; Alternate Auditors: Franco Gazzola, Umberto Menesatti.

SUMMARY OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1977 *(in million Lire)*

ASSETS		LIABILITIES	
Funds	464.183	Certificates of deposit	631.997
Loans in being	768.778	Bonds	518.800
Other items	187.574	Correspondent banks	28.644
	1.420.535	Mediocredito Centrale	30.689
		Treasury and Regional Administrations	29.110
		Other items	123.128
			1.362.368
Loans for disbursement	393.099	Capital and reserves	54.303*
Applications under consideration	54.807	Net profit	3.864
			1.420.535

*56.067 after the allocation of profits.

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Peak £34m. at Allied Irish —advances top £1bn.

AFTER RISING £7.4m. to £16.7m. in the first half, pre-tax profit of Allied Irish Banks jumped from £22.97m. to a record £34.46m. in the March 31, 1978, year.

The result was after a £1m. (£1.5m.) special provision against advances, which at year end stood at £1.01bn. compared with £790.34m. previously.

At the balance date current, deposit and other accounts were up from £1.61bn. to £1.93bn., cash and investments were £1.02bn. (£836.67m.), fixed assets £52.61m. (£40.86m.) and leased assets were up from £29.17m. to £38.64m.

The profit includes the parent bank profit of £24.25m. (£18.77m.) and subsidiary and associate company contributions of £11.2m. (£5.69m.). It is subject to tax of £12.75m. (£8.56m.).

	1977-78 £000	1976-77 £000
Parent bank profit	24,254	18,774
Subs. and assocs.	11,202	5,694
Provision†	1,000	1,500
Profit before tax	34,456	22,969
Tax	12,749	8,559
Net profit	21,707	14,412
To minorities	7	17
Extraordinary loss	84	—
Attributable	21,616	14,393
From capital reserves	—	72
Dividends	4,237	2,661
Retained	17,379	11,766

† Against advances.

When announcing its two-for seven rights issue, directors forecast a final dividend of not less than 4.8125p. and it is proposed to pay a 5.6875p dividend, which lifts the total for the year to 7.5p net per 25p share, compared with 6p last time.

Earnings per share are shown at 41.9p basic against a revised 30.9p. and fully diluted at 36.7p (26.8p).

Hopkinsons chief confident

WITH THE benefits Mr. L G. Hopkinson, the chairman of Hopkinsons Holdings, anticipates will flow from an increased capital expenditure programme planned for the current year, group companies, he feels, are well equipped to enable him to look forward to the future with confidence.

As reported on April 27 taxable profit for the year to January 27, 1978 fell from £4.36m. to £4.28m. on turnover up from £32.9m. to £35.44m. And the dividend is increased from 4.58147p to 5.06p net per 30p share. On a CCA basis pre-tax profit is adjusted to £2.87m. after adjustments for depreciation £735,000: cost of sales £756,000 and gearing £85,000.

During the first few months of 1978 several large orders have been received for major projects in the U.S., Brazil, Nigeria and South Africa. It is the chairman's belief that the main expansion in demand for group products will emanate from overseas markets and that in due course results of these sales efforts shall be seen.

A capital expenditure programme amounting to £1.6m. (£0.8m.) was carried out in the 1977/78 year and was financed without recourse to any further bank borrowings, Mr. Hopkinson says.

The group manufactures boiler mountings, valves, compressors, etc.

Meeting, Huddersfield, on May 31 at noon.

PENSIONS AND CHARITIES

Since the end of its financial year in December, the size of the Pensions and Charities Property Fund has increased by almost £1m. to £14.1m., chairman Mr. W. L. Grant told the AGM. Last year the fund rose in value from £9.94m to £13.12m.

The portfolio was now divided as follows: £6.49m. in industrial and warehouse property, £7 19m. in shops and offices, and £425 000 in agricultural property. As the estimated growth in rental income to 1981 given in the annual report indicated, several of the properties had early rent reviews.

GRE warns on EEC freedom

A WARNING that freedom of insurance services in the EEC would not result in a great growth of business is made by Mr. J. E. H. Collins in his chairman's statement accompanying the Guardian Royal Exchange Assurance report and accounts for 1977.

He welcomes close association with European insurers, but expressed genuine concern, which was shared by other European insurers, over the stability of the market once business could be placed across frontiers. He was certain that some sort of system of guidelines needed to be evolved to avoid losses similar to those which occurred when motor business in the U.K. became a free market in 1968.

On the 1977 results of the group, he points out that there had been little real growth in the U.K. economy which meant only a modest rate of new business becoming available. This in turn was leading to increased competition and rate-cutting for the business on offer. The group suffered in its U.K. fire account from the effect of the firemen's strike which caused serious increases in the losses in the fourth quarter. The number of subsidence claims, although lower than in 1976, was still significant, but there was a modest profit on this account.

The group continued to write a large volume of motor business, but Mr. Collins warned that the margin of profit was always likely to be limited. The greater concentration of traffic on the roads caused an increase in the number of claims with a resulting loss on the motor account. Overall the U.K. account, which in recent years has made a valuable contribution to profit, showed a loss last year. Rates were seldom high enough when set against higher costs arising from inflation.

In the overseas territories, Australia produced an excellent result for the second year running and while the Canadian operations had improved, the benefit had been reduced by the operations of the Anti-Inflation Board. Mr Collins regretted that after a number of years of poor results, Government restrictions would not allow the recovery of past losses.

The two main problem territories continued to be Germany and Holland, where losses continued from market problems and conditions, despite the absence of any severe storms in 1977. A McKinsey investigation of the group's German operations was in progress and in Holland the group was co-operating closely with the authorities to re-establish stability. While increases had been approved by the authorities, it was unlikely that these would result in achieving a break-even position this year.

Rationalisation pays off as Queens Moat picks up

Almost doubled pre-tax profits of £263,473 against a depressed £136,034 are reported by Queens Moat Houses, hotel group, for 1977. Turnover for the period finished 16 per cent. higher at £7.66m.

At halfway, when announcing a profit rise from £59,000 to £101,000 Mr. John Bairstow, chairman, said that rationalisation plans together with the policy of expanding without capital commitment was showing results. He felt that the *improved performance would be* maintained in the second half and looked to the future with confidence.

He now says that the hotel and leisure industries are enjoying a period of prosperity after the difficulties of 1974 to 1976.

He anticipates that the group will continue to progress in the current year and says that trading in the first four months of 1978 confirms this view.

During 1977 interest payable was reduced to £535,436 (£440,511) due to lower borrowings and interest rates. Currently a large part of group overdraft borrowings are being re-negotiated into ten-year term loans to provide greater financial flexibility.

Rent payable increased to £258,732 (£44,905) reflecting the group's expansion during 1977 into leasehold properties, to give a better balance between leasehold and freehold hotels. The major profits benefit will begin to show in results of the current year.

Three major leasehold units were added during 1977 and all Queens Moat units, including those acquired, are currently trading excellently.

Summing up Mr. Bairstow expresses confidence that the group will grow stronger from its well organised base.

Earnings for the year are shown to have risen from 0.75p to 0.92p per 5p share and continuing the group's policy of moving back to full dividends the final is 0.2p for a 0.325p net total. Last year's final of 0.125p was the first payment since 1974.

	1977 £	1976 £
Turnover	[illegible]	[illegible]
Trading profit	[illegible]	[illegible]
Rent payable	258,732	44,905
Interest payable	535,436	440,511
Profit before tax	263,473	136,034
Tax	[illegible]	[illegible]
Net profit	[illegible]	[illegible]
Minority profits	[illegible]	187
Attributable	[illegible]	[illegible]
Pref dividends	2,500	2,500
Ordinary dividends	[illegible]	[illegible]
Retained	[illegible]	[illegible]

* Takes account of dividend waivers final [illegible] shares, interim [illegible] shares, 1976 [illegible] shares.

The office is in Hotel Intourist, and Mr. Frank Bicknell is the group representative.

Bank in Moscow

MIDLAND BANK group's new representative office in Moscow will be officially launched to-day.

Lloyd's broker appoints liquidator

The creditors of Lloyd's broker Armour Hick Parker yesterday nominated Mr. D. H. R. Meacock of chartered accountants Baker Sutton and Co. as liquidator and appointed a committee of inspection.

Armour Hick Parker was suspended by the committee of Lloyd's on April 7 from placing or renewing any business with Lloyd's underwriters but were permitted to service and run off the business they had placed at Lloyd's.

The Lloyd's Insurance Brokers' Committee of the British Insurance Brokers' Association will keep in touch with the liquidator and anyone holding a Lloyd's policy arranged by Armour Hick Parker and needing additional advice may write to LIBC. BIBA will also provide any additional advice in connection with other policies arranged by Armour Hick Parker.

Travis & Arnold more hopeful

POOR weather conditions hampered the progress of Travis *and Arnold — builders and* plumbers merchant and timber importer—in the first quarter of the current year, says Mr. E. R. Travis, the chairman, but with the decline in timber prices showing signs of ending, the outlook is more promising. If demand grows the company is in a strong position to take advantage, he tells members in his annual statement.

As reported on April 28, pre-tax profits fell from £4.23m. to £3.79m. in 1977 on turnover of £51.56m. (£43 09m.). At the year-end there was a decrease in liquid funds of £0 51m. (£3.43m.).

The year started with margins being sustained at a good level particularly in softwood, plywood and wallboards. They continued to benefit in the first quarter from the upsurge in the cost prices of these imported goods due to the weakness of sterling in the second half of 1976, but as the year progressed, prices gradually weakened as sterling strengthened. Coupled with low demand this adversely affected profit margins towards the year-end and it was felt prudent to reduce the value of certain timber stock holdings.

General building and plumbing materials' profit margins also came under pressure as a result of the continued low level of activity in the construction trade, where volume in the housing sector in particular was sharply down against 1976. The industry *is traditionally slow* to respond to a general improvement in economic conditions and despite lower interest rates by the spring and better mortgage availability, private housing starts were down by some 13 per cent. and public sector starts fell by over 20 per cent.

Meeting, Northampton, on May 31 at noon.

Aquascutum to maintain good track record

Based on the past performance of Aquascutum and Associated Cos. in adverse trading conditions indications are that it can continue to develop its interests, says Mr. Gerald Abrahams, chairman. And he adds that the group's long-term progress is not in doubt.

For the year to January 31, 1978, as reported April 15, taxable profits improved from £1.71m. to £2.07m. on turnover ahead from £18.98m. to £20.45m.

Of sales, 66 (64) per cent. represented overseas trade within the following areas: North America (£5.58m. (£6.06m.); Europe £5.5m. (£4.18m.); other countries £2.35m. (£1.85m.).

Reporting on the group's overseas activities Mr. Abrahams says direct exports showed a bigger increase than in 1976/77—up from £6.95m. to a record £9.17m.

There was continued growth in all the main European countries and in shipments to the Far East. In the U.S. a lack of confidence caused a slow start to the year, but trade turned out to be much better in the autumn season. The effect of good business towards the end of the year in the U.S. augurs well for the future, he states. The Canadian operation did less well.

On the U.K. side, the Regent Street store had an excellent year, particularly benefiting from the additional tourist trade until *September*.

A statement of Source and Application of Funds shows a £0.84m. decrease (£0.89m. increase) in cash balance and a £0.58m. decrease (£0.34m. increase) in bank overdraft.

Bishopsgate Trust higher

Before tax of £806,948 compared with £291,093 previously, profit of Bishopsgate Trust rose from £764,263 to £847,465 in the March 31, 1978 year.

Earnings per 25p share are shown at 6.37p (5.51p) and a final dividend of 4.25p takes the total from 5.25p to 6.25p net.

The asset value per share is shown at 235.7p, against 204.6p.

Clive Discount prospects

It should be possible to make satisfactory running profits in the current year while jobbing opportunities should also occur from time to time, reports Mr N. H. Chamberlen, chairman of Clive Discount Holdings.

A dramatic drop in interest rates from current levels looks unlikely and performance of markets will continue to be volatile while uncertainties continue as to the political, monetary and economic outlook, he states.

Commenting on a year in which the company's published profits rose by 60 per cent. to produce a two-year gain of 125 per cent., Mr. Chamberlen tells holders that resources have been strengthened tremendously over *the past two accounting periods.* The company now has a far larger base for operations and a vastly improved reserve position. The former will allow it to take greater advantage of favourable market conditions when they arise and the latter will provide protection should conditions be adverse.

Running margins varied considerably throughout the period but a substantial proportion of profits was derived from taking advantage of capital movements in the gilt-edged and sterling CD markets. The company's major *activity in the private sector* where loan demand remained at a low level, has been in sterling CDs. Though conditions in the Euro dollar market have not been suitable for any large commitment of funds, market turnover has increased sharply. Turnover in the dollar CD market has grown and Clive has extended its retail outlets in this sector.

The further development of Clive Investments, the subsidiary specialising in the management of fixed interest portfolios for both institutional and private clients has been satisfactory. Two new developments have been the formation of Clive Investments (Jersey), to handle individual portfolio management, and of Clive Investments Cambridge, which offers an index matching service to institutional investors chiefly in the pension fund area. The Jersey company is also responsible for two newly-formed funds aimed at investors seeking a relatively high level of income.

As already reported, profits at £2 12m. for the year to March 31, 1978, were again a record, the total dividend is 4.7748p and a bonus issue is proposed of one new £1 Cumulative Preference share for every 30 Ordinary shares held.

Meeting, 1, Royal Exchange Avenue, E.C., on June 1 at noon.

ASSOCIATES DEALS

On May 8, Cazenove purchased 10 000 Pork Farms Ordinary at 665p for the account of the Trustees of Northern Foods Superannuation Fund.

Grieveson Grant, as associates of Scottish and Universal Investments, sold 13,400 Lonrho shares at 70p for a discretionary client.

Sheppards and Chase has bought 5 000 Hepworth Ceramic at 80p for an associate.

Richardsons Westgarth warning

THE difficult labour situation experienced *recently in certain subsidiaries* of Richardsons Westgarth and Co. will without doubt affect the current first half results, warns Mr A. D. McN Boyd, the chairman. Given more stable conditions it would seem reasonable to look for progressive improvement, he tells members in his annual statement.

Negotiations are yet to start for compensation for the nationalisation of George Clark and NEM and so far the group has only received £650,000 on account.

The chairman says that this does not help in the formulation *of future plans, but the directors* are continuing to improve plant and facilities to assist a number of subsidiaries to expand and make good some of the profit denied the group by the loss of George Clark and NEM.

There are encouraging forecasts for most subsidiaries but much depends on the shiprepairing and steel processing activities which have to dig their respective ways out of loss-making.

As reported on April 13, pre-tax profits came to £2m (£2.37m.) for 1977 on turnover of £38.8m (£44.95m.). Earnings are shown at *7.6p (9.2p) per 50p share and the* dividend is the maximum permitted 4.5[illegible]p (4.105p) net.

The manufacture of engineering products contributed £7.01m (£17.87m.) to turnover and £0.48m (£0.74m.) to profits; shiprepairing and engineering services £18.72m. (£15.34m.) and *£1.03m (£1.05m.) and stockholding* and merchanting £13.07m. (£11.95m.) and £195,000 (£587,000). Income from assets vested in British Shipbuilders added £201,0[illegible] (nil) to profits.

At the year end there was an increase in working capital of £1.12m (£1.87m.) with a decrease in liquid funds of £0.36m. (£0.4m. increase).

Meeting, St. Ermins Hotel, S.W., on June 7 at noon.

Winding up order on T. Buncle

An official liquidator has been appointed to supervise the winding up of a Scottish weekly newspaper group. Lord Kincraig granted a petition by the Clydesdale Bank in the Court of Session in Edinburgh yesterday to wind up T. Buncle and Co. whose subsidiary, M Publications, publishes seven weekly newspapers.

Mr. Peter Taylor, an Edinburgh chartered accountant, was appointed Official Liquidator.

*M Publications runs seven news*papers from Arbroath — the Arbroath Guide, Forfar Times, Kirriemuir Free Press, Carnoustie Times, Broughty Ferry Times, Perth Times and the East Perthshire Gazette and Guardian.

Mr Bruce Kerr, counsel for the bank, told the judge that the gross assets of Buncle were £480,000. Liabilities of £408,000 left £72,000, but he was informed that the £122,000 listed as the investment in M Publications might be over-estimated, and the maximum net assets would therefore be £7[illegible],000 and the minimum about £30,000.

Last week attempts were made to prevent the bank going ahead with a petition to recover a large loan.

SHARE STAKES

J. Saville Gordon Group—Industrial Metal Service: a private company owned by J. D. Saville, chairman, has bought 200,000 shares at 22p.

Joseph Shakespeare—Britannic Assurance has bought further 25,000 shares. Interest now 625,000 (8.1 per cent.).

Cooper Industries—W. H. Podmore, a company controlled by C. C. Cooper, has acquired 65,000 shares. Mrs. K. M. Cooper, wife of C. C. Cooper, has acquired 102,000.

Marley—O. A. A. Aisher, director, has disposed of 100,000 shares.

Alexander Howden Group—Mr. R. C. Comery, director, on May 3 sold 150 000 shares at 184p.

Hambro Life Assurance—Mr. M. A. Weinberg, managing director, has sold 22,500 shares at 335p cum div.

Harrisons goes for the big one

BY JAMES BARTHOLOMEW

Everything that has happened in the turbulent plantations sector in the past few years palls in contrast to Harrisons and Crosfield's £116m. bid for Harrisons Malaysian estates. It is the climax of two or more years of manoeuvring, buying and selling, controversy and politicking.

Harrisons and Crosfield (H and C) has been trying to hold on to its massive plantations empire in the face of guerrilla attacks by companies such as McLeod Russel, N. M. Rothschild, Gentings Highland—a Malaysian company and Sipef SA—a Belgian company.

On a second front, H and C has been negotiating with the Malaysian Government to release as little as possible of its associate, Harrisons Malaysian Estates, to local interests and at as high a price as possible.

And on a third front, H and C has had to face Press and City criticism of the labyrinthine cross-holdings of dozens of plantation companies within the H and C empire.

In the face of this pressure and conflict, H and C has, as its chairman, Mr. T. Prentice, says, "stuck to its last." Being willing to commit its whole being to the conflict, H and C has won all the major battles so far and now looks set to win another—the biggest of the lot.

Yet H and C does not hold the ace of trumps in this game. That is undoubtedly held by the Malaysian Government which can ultimately make life very difficult for the British company. The game is by no means over, but H and C has stolen an impressive lead.

It all started innocently enough in the beginnings of this century when H and C founded many small plantations companies, predominantly owned by the public. H and C acted as secretary and agent for these companies and was highly respected in these roles. Naturally it took equity stakes in these offshoots.

As time went by, the companies built up stakes in each other in order to spread their risks in terms of politics, geography and crops. But over the last 10 years, these cross-holdings have been regarded in a more sinister light. They have been criticised as a "pyramid" structure enabling H and C to exercise "creeping control" without making full take-over bids.

In November 1976, the game began in earnest—prompted by the desire of the Malaysian government to see local businesses owned by local interests. With the "New Economic Policy of Malaysia" (the "NEP"), the government announced its aim of putting 30 per cent. of the economy in Malay ("Bumiputra") hands and 40 per cent. in the hands of other Malaysians such as the resident Chinese by 1990.

Three companies in the H and C camp, the "three sisters"—Golden Hope, London Asiatic and Pataling—therefore submitted proposals for a merger and transfer of residence to Malaysia. H and C was to remain the king-pin company and this gave rise to the first major battle.

Gentings Highland, a Malaysian company with a major stake in Golden Hope blocked this first scheme with the rumoured approval of the Malaysian authorities. C. H. then made a bid for Golden Hope—the biggest of the three sisters. H and C successfully fought this off and proceeded to implement another scheme which would have the same effect as the first but which could not be blocked in the same way.

The new company which emerged out of the scheme was Harrisons Malaysian Estates. So far so good: the H and C empire had been held intact.

The summer of 1977 saw a lull in the battle but then the winter campaign opened with a skirmish over an Indian associate of H and C called Malayalam Plantations. McLeod Russel, a British plantations company, made a bid for this outpost of the empire and provoked H and C into responding with a higher bid. The widespread view now is that H and C ended up paying too much for Malayalam, giving McLeod Russel a profit of over £1m. in the process. It has been H and C's one bad move in the campaign, though Malayalam did at least include some HME shares among its assets.

H and C's next move was among its sauciest. It bid for Harcros Investment Trust, an associate which had been specifically designed to give investors a stake in a spread of plantations companies. But for H and C, the acquisition was strategically vital because these stakes enabled it to gain legal control of more of its associates. Harcros naturally had a stake in HME and in other companies which also in their turn had stakes in HME. The grip was tightening.

The bid for Harcros was done at a price only a little above the stock market values of the companies concerned. In other words it by no means reflected the great strategic importance of Harcros to H and C.

Rothschild Investment Trust and McLeod Russel tried to frustrate the bid, but without success. They tried standing in the market, buying shares at above the bid value. In fact if they had made an outright bid, they would probably have forced H and C to name an even higher price. But H and C got away with it.

The cheapness of this acquisition was amply demonstrated in the next episode. Rothschild McLeod Russel and Sipef SA, got together to bid for another of H and C's associates, London Sumatra, which has estates in Indonesia. The top bid made by the consortium, under the name McLeod-Sipef, was worth 150p per share, more than half as much again as the price H and C had paid for shares in London Sumatra through its bid for Harcros. And even this price was dismissed by the London Sumatra directors as being insufficient. So the bid was successfully fended off. The empire still remained inviolate.

H and C picked up additional shares in HME in the early months of this year, as well as obtaining shares through the Malayalam and Harcross acquisitions.

This brings us to yesterday's news of the proposed merger. As with London Sumatra, the value now placed on HME is well above what H and C had to pay through the Harcoss route. But the greater significance of the deal on another front, the campaign to retain control in face of the aspirations of the Malaysian government.

H and C has been negotiating with the Malaysian government for over a year—as yet without result.

In the merger proposal announced yesterday, HME says it will give up 10 per cent. to Bumiputra investors at a "substantial discount." But the Malaysian government may not be satisfied with just 10 per cent. and the negotiations may continue to drag on.

The advantage of the merger for H and C is that the Malaysian government cannot stop H and C obtaining legal control of HME. H and C will then be in a stronger position to negotiate, no longer open to the usual "pyramiding" accusations. H and C intends to complete its new "clean" image by transferring control of its secretarial and agency business in Malaysia to HME.

H and C would probably prefer its bid to be only partially successful. In that way a lot of the shares might remain in local hands and HME would be largely "Malayanised" without difficult negotiations.

The danger if the bid is wholly successful is that H and C will itself be a very Malaysian company indeed and the government might try to Malayanise the whole group. Despite the ned and bold move by H and C this complex campaign is not yet over and time must be on the side of the locals.

Panel investigating forecasts

The City Takeover Panel is investigating information published by Andre Silentbloc during its ill-fated attempt to block the take-over bid by BTR last year.

BTR has drawn the Panel's attention to two documents sent to Silentbloc shareholders in May last year, one of which contained figures showing pre-tax profits for the half year to April 3, 1977 of £527,000.

Sir David Nicolson, chairman of BTR told hsareholders at yesterday's AGM that final figures from Silentbloc covering a 15 month period had shown profits of only £345,000.

He said that applying a logical multiple of the trend indicated by the defence document "one would have expected profits in excess of £1m." In addition BTR has drawn the Panel's attention to statements made by Silentbloc during its defence.

Meanwhile the Panel said yesterday that it is also investigating a profits forecast made by Dunford and Elliott at the time of Lonrho's takeover bid. Lonrho said that it is taking legal advice over the profit forecast. Last year Dunford made profits of £1.7m. compared with a forecast of approximately £5m.

The first indication of BTR's disappointment over Silentbloc's profits performance came earlier this year when the group said that Silentbloc's results had proved "surprisingly inadequate" and that "appropriate action" had been taken.

Sir David told shareholders that Silentbloc was now operating profitably and "much more in accord with what we would expect."

He added that BTR's pre-tax profits were now running more than 20 per cent. ahead over the same stage a year ago.

SHARE STAKES

Gordon and Gotch Holdings—Gordon and Gotch (Australia) has bought further 23,900 shares. Total holding 1,061,012.

W. and J. Glossop—Throgmorton Trust is beneficial owner of 240,000 shares (5.16 per cent.).

Cape Industries—Charter Consolidated, as a result of acquisition by a subsidiary of 40,000 shares, has increased its interest to 16,114,852 shares (67.14 per cent.).

Warne Wright and Rowland—Group Captain J. P. Cecil-Wright sold 35,000 shares at 44½p on April 24. Central Manufacturing and Trading Group has bought 20,000 shares. Total holding 885,000 (8.6 per cent.).

Pork Farms—On May 2 J. C. Samworth sold 165,000 shares reducing number in which he is interested to 860,860 shares (25.53 per cent.).

S. Simpson—Dr. S. L. Simpson, chairman, has sold 100,000 "A" Ordinary shares.

CPL/GEDONG

Acceptances received by Consolidated Plantations in response to the offer for Gedong Investments amount to 305,720 shares, which together with the 252,500 shares owned prior to the offer period, represent 91.8 per cent. The offer is now unconditional and remains open.

MINING NEWS

Union Miniere profits slide again

BY PAUL CHEESERIGHT

UNION MINIERE, the Belgian mining group which was once the major copper producer in Zaire, suffered a drop in net profits last year of 26.6 per cent. Its dividend of BFr.500 (£8.47) compares with BFr. 600 paid for 1976.

Net profits for 1977 were BFr.601.07m. (£10.2m.), against BFr.819.78m. in 1976, the group announced yesterday. The 1976 total was 16.5 per cent. down on that of 1975.

The downturn is no surprise. The group predicted as much after the first half when it pointed out that the depression in base metal prices would weigh on the results. Price movements in the second half of the year did little to alleviate the position.

Since its departure from Zaire, Union Miniere has been developing a new series of operations, concentrating on the Americas, Australia and Europe. In the process it has become very exposed to movements in the copper and zinc prices.

Its Thierry copper mine in Ontario has been producing at half the nominal capacity in order to preserve ore reserves. This low level of production is a common phenomenon in the North American copper industry.

But production at Jersey Miniere Zinc's Elmwood mine in the U.S. has nearly reached planned levels, although the metal price will have to improve before the operation makes a profit. This factor has caused the postponement of the Yelardena project in Mexico, but another venture, in Brazil should start in the second half of 1979.

The lower level of profits from the group will affect the final figures for Tanganyika Concessions, which has an interest of 17.6 per cent. But the Tanks shares were unchanged yesterday at 141p. Union Miniere shares fell 75p to £10.

South Africa's uranium stock

NEW DISCOVERIES and success in extracting material from old gold mining dumps have led the South African Atomic Energy Board to increase its estimate of the country's uranium reserves by 70,000 tons.

The Board said yesterday that it calculated there were 306,000 tons of reasonably assured reserves and 42,000 tons of estimated additional reserves which can be exploited at $36 a pound. This price is in fact below values attached to contracts recently signed for the immediate delivery of uranium.

In the higher cost range of $36 to $50 a pound, the reserves are put at 34,000 tons reasonably assured and 38,000 tons estimated.

The total figures, which include Namibia (South West Africa), represent a 20 per cent. increase on the estimates of January, 1975.

They reflect the vigour with which exploration activity has continued in the face of rising world demand for nuclear fuel, although early optimistic estimates of likely consumption made in the aftermath of the 1973-74 energy crisis have been scaled down.

The South African industry has been expanding quickly, in contrast with that of Australia where uranium policy has become the subject of protracted political debate.

MINING BRIEFS

PETALING TIN—April output 133 tonnes (March 133 tonnes).

Pahang Hydraulic Tin—April output 108 tonnes (March 99 tonnes).

	48 weeks ended 1/4/1978	2/4/1977
Queensland Phosphate		
Prod. days scheduled	200	221
Prod. days worked	197	213
Phosphate rock mined (dry tonnes)	365,883	394,931
Plant production (dry tonnes)	310,151	294,701
Rock railed to Townsville (dry tonnes)	278,686	297,148
Shipmts. (dry tonnes)	290,714	197,983
COBAR		
Prod. days available	192	189
Prod. days worked	182	179
Crude ore treated (tonnes)	409,840	442,918
Copper concentrate (tonnes)	22,211	20,308
Copper cont. (tonnes)	6,296	5,422
Zinc concentrate (tonnes)	20,561	15,440
Zinc content (tonnes)	10,750	7,682
Lead concentrate (tonnes)	3,448	3,671
Lead content (tonnes)	1,791	1,688
DEVELOPMENT		
C.S.A Mine		
Lateral (metres)	790	795
Vertical (metres)	174	94
Mo-eu-O.M		

ANGLO AMERICAN CORPORATION—Coal division sales output for April (figures in metric tons). Republic of South Africa: Bituminous: Amalgamated (Cornelia) 305,501, Anglo-Power (Arnot) 449,790, (Kriel) 346,767, Bleshok 93,018, Coronation (Bank) 191,355, New Largo 170,440, S.A. Coal Estates 339,977, Springbok 191,943, Springfield 234,957, Vryheid Coronation (Coal) 12,492, (Coke) 40,985, Vierfontein 112,517, Zululand Natal's Indument Colliery 36,502, Balgray 17,377, Natal Anthracite 67,743, Rhodesia: Wankie (Coal) 177,350, (Coke) 15,266, Swaziland: Swaziland Collieries' Mpaka Mine 1,379, Botswana: Morupule 23,588. Group total: 2,745,827 (March 2,882,420).

Falconbridge makes a loss

DESPITE SOME increase in nickel sales during the first quarter, Falconbridge, second only to Inco among Canadian producers, has continued to lose money, writes John Soganich from Toronto.

The consolidated loss in the quarter to March was C$2.7m. (£1.3m.), or 75 cents a share after recognising the dividend requirements of preference shareholders. In the comparable period of 1977 there was a net profit of nearly C$3m.

Although the loss from integrated nickel operations at C$686,000 was only half that of the 1977 first quarter, problems arose in the subsidiary companies. Falconbridge Copper lost C$1m., for example. Instead of contributing C$5.1m. as they did in the 1977 first quarter, the subsidiaries recorded a deficit of C$203,000.

An indication of some return to normality in the nickel markets came with the disclosure that sales from the integrated operations were 13.7m. lbs compared with 10.1m. lbs in the first three months last year.

But copper sales slumped as consumers held their inventories at low levels. They were 6.6m. lbs against 11.1m. lbs.

ROUND-UP

Central Norseman Gold announced from Melbourne that a dividend of 50 cents (31.1p) per share had been declared.

* * *

A strike at its asbestos mine in Newfoundland pushed Advocate Mines into a 1978 first quarter loss of C$1.6m. (£780,250), compared with a net profit of C$437,000 in the same period of 1977, John Soganich writes from Toronto. A pit wall failure in the northern part of the mine will seriously affect this year's earnings and will carry through into 1979.

* * *

Mr. Mario de Bastiani, the retiring president of the Ontario Mining Association, said the industry had an increasing role to play in the Canadian economy, but that it was essential to create an atmosphere of stability in taxation and environmental requirements so that the industry would be ready to take advantage of the market upturn—when it came.

OIL AND GAS NEWS

NZ venture soon for Aquitaine

THE Aquitaine consortium is on the verge of signing an agreement with the New Zealand Government to drill two offshore oil prospecting wells, reports Dai Hayward from Wellington. This follows months of protracted negotiations.

Like other companies Aquitaine were unhappy with the New Zealand Government's oil discovery tax proposals. There has also been disagreement over decision making processes.

And alterations in the tax proposals is understood to have cleared the way for agreement. A draft agreement was taken to Paris by Aquitaine's New Zealand representatives for discussion with the company's head office. Formal acceptance is expected soon.

The Aquitaine group is a consortium of Aquitaine, Odeco (U.S.A.), Murphy U.S.A., L and M Oil N.Z., Beach Petroleum (Australia) and Home Oil (Canada).

* * *

President Suharto of Indonesia has ordered the Ministry of Mining and Energy to form a special committee on the liquefied natural gas (LNG) pricing formula.

The Ministry says that as a follow up to U.S. agreement to import LNG from the north Sumatran plant of Arun, Aceh, Indonesia and the U.S. would each establish a technical committee on a LNG price increase.

The U.S. has in principle agreed to support Indonesia in the development of three additional LNG unit production "trains" for Arun projects.

The additional trains would produce LNG to be exported to the U.S. starting around 1980. The project was estimated to start production by next August, the Ministry added.

* * *

An oil consortium including the Philippine Seafront Petroleum and Mineral Resources Inc will drill its fourth well in the Reed Bank next week according to Seafront.

A company official said that drilling would "confirm gas shows in Sampaguita 1, the country's second discovery well and possibly discover an oil horizon below the gas formation." The new well, Sampaguita 2, 4 km east southeast of the first, was programmed to a depth of 14,000 ft and will cost about $4.5m. Last year two other wells turned out to be dry holes.

Oil companies' profits static

A SURVEY of 241 oil companies shows that nearly half of them failed to increase their profits over the last two years for which accounts are available. Only 55.2 per cent. showed an improvement in profits.

The survey, published by Inter Company Comparisons, found 74.3 per cent. of the companies studied increased their turnover, 79.3 per cent. added to their assets and 73.9 per cent. enlarged their liabilities. Only 56.9 per cent. increased payments to directors.

Oil and Petroleum, Sixth Edition; ICC; 81, City Road, London EC1 1BD; £27.80.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

SKF first quarter earnings remain at depressed levels

BY WILLIAM DULLFORCE STOCKHOLM, May 10.

SKF, the Swedish bearings, steel and machine tools multinational, increased sales by nearly 17 per cent. during the first three months of this year. But the figures released from the group's Gothenburg headquarters to-day indicate that the improvement in earnings forecast for 1978 has yet to appear.

First quarter turnover was Kr.2.24bn. ($500m.), up by Kr.324m. over the first quarter of 1977 and by Kr.32m. over the previous quarter. Rolling bearing sales, which accounted for 72.5 per cent. of the total, showed a 20.8 per cent. increase, while steel sales grew by 14.6 per cent. These figures include internal deliveries.

Operating income before depreciation was Kr.208m., only marginally different from the results recorded in the first and last quarters of 1977. The pre-tax figure, struck before exchange differences and extraordinary items, came to Kr.14m., which compares with Kr.40m. for the first quarter last year and Kr.13m. for the October-December period.

Rolling bearings continued to contribute a profit despite the losses made by a couple of subsidiary companies. Some improvement is reported on the steel side but it continued to run at a loss.

Capital investments were cut back by Kr.68m. to Kr.80m. compared with the first quarter of 1977 and were concentrated on the bearings side.

Last year SKF's pre-tax earnings slumped by Kr.100m. to Kr.156m. on a Kr.8bn. turnover. It was hoped that the change to the Swedish group's favour in exchange rates, particularly the appreciation of the yen, would boost earnings this year

Aid call for Danish steel

BY HILARY BARNES COPENHAGEN, May 10.

THE DANISH government will ask the Folkting next week to approve financial support measures for the country's only steelworks, Frederiksvaerk steel mills. The steel mills lost Kr.77m. on turnover of Kr.810m. in 1977 and over the last three years has an accumulated loss of Kr.150m. Until now, however, the company has remained one of the few in Europe which has not received direct or indirect Government aid.

It is not clear yet how much money the Government is willing to use to support the steel mills, but it is understood that the Government aims to provide the company with new capital, probably in the form of loan capital. A state credit guarantee may also be part of the deal.

The steel works, with a labour force of 2,500, was extensively modernised in 1973-74

Better start at Svenska Cellulosa

BY JOHN WALKER STOCKHOLM, May 10.

SVENSKA Cellulosa (SCA) made better progress than expected in the first quarter of 1978, managing director Mr. Bo Ryder told the annual meeting.

The full effect of price reductions in 1977 will not be felt until this year. The company does not exclude the possibility of a price increase this year.

In 1977 group pre-tax earnings dropped by 32 per cent. from Kr.497m. to Kr.337m. Group turnover grew by just under 11 per cent. to Kr.4.6bn. Earnings per share, after adjusting for taxes and allowing for non-distributed profits in SCA's associated companies, comes out at Kr.29 against Kr.40 per share in 1976. The Board proposes to pay an unchanged dividend of Kr.10 per share.

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	9.5.78	2.5.78	AVERAGE YIELD	9.5.78	2.5.78
DM Bonds	106.40	105.98	DM Bonds	6.501	6.568
HFL Bonds & Notes	104.82	104.58	HFL Bonds & Notes	7.368	7.439
U.S. $ Strt. Bonds	100.22	100.38	U.S. $ Strt. Bonds	8.652	8.624
Can.-Dollar Bonds	99.20	98.97	Can.-Dollar Bonds	9.449	9.495

Banque Rothschild to curb expansion

By David White

PARIS, May 10.

A RIGOROUS curb on expansion and costs has been announced by Banque Rothschild as part of its recovery strategy after a sharp fall in profits last year.

M. David de Rothschild, appointed less than two months ago as director-general, and son of the bank's chairman M. Guy de Rothschild, said the bank would "exercise greater selectivity in its clientele and the risks to be undertaken."

The deposit bank, controlled by the French branch of the Rothschild family, is expecting only a modest improvement in results this year after seeing net profit plummet to Frs.8.5m. ($1.8m.) in 1977 from Frs.21m. the year before. M. de Rothschild said 1978 would be a transition year and the bank should regain "a satisfactory balance" in 1979 and 1980.

The bank, which has a balance sheet total of Frs.6bn., suffered last year by taking on additional costs. These included hiring new staff.

Last year's results reflected big investments made by the bank which had not yet shown profits. About half the bank's 21 branches were profit-making, he said. While three showed negative results, eight others, set up in the last years, had not yet reached a profitable stage.

French stores surge ahead

By Our Own Correspondent

PARIS, May 10.

TWO BIG French store groups have reported marked improvements in their 1977 results, backing up the sector's often painful recovery from the economic recession.

Darty et Fils, a chain which specialises in household electrical equipment and which was until recently completely under private ownership, increased its parent company net profit by 28 per cent. to Frs.36.3m. ($7.9m.) on turnover raised by 22 per cent. to Frs.891m.

The Board proposes a one-third increase in the net dividend to Frs.10, to which is added Frs.1.10 per share which should have been paid last year, when because of government restrictions only Frs.6.40 was paid out.

Results for the group were even stronger. Consolidated profit was 33 per cent. up at Frs.45.5m., and sales rose by the same margin to Frs.1.16bn. The company, capitalised at Frs.30m., is seeking authorisation to raise capital up to a ceiling of Frs.100m. by incorporating reserves, over the next five years.

Another big store group, Bazar de l'Hotel de Ville, announced a return to profit after making a Frs.1.8m. loss in 1976. The net earnings figure of Frs.11.1m. ($2.4m.) was twice the level of its 1975 profit. The proposed net dividend is increased from Frs.2.50 to Frs.4. The 1977 result was after deduction of Frs.8.5m. for exceptional provisions.

EUROPEAN CHEMICALS

BASF sees bleak German prospects

BY GUY HAWTIN FRANKFURT, May 10.

PROSPECTS for the West German chemical industry this year remain bleak, according to BASF, the second of the West German chemicals industry "big three" to comment in detail on its first quarter performance. The gap between 1977 and 1978 sales narrowed considerably in April, but no signs of a sustained upswing are in sight.

At the end of the first quarter group turnover was down 5.3 per cent., from DM5.54bn. in the comparable period of 1977 to DM5.24bn. ($2.5bn.). Pre-tax earnings fell even more steeply—by 25.7 per cent. from DM374m. to DM278m.

The problems, shared by the West German chemical industry as a whole, stem from the depressed level of world demand and the erosion of the Federal Republic's chemicals manufacturers' competitive position as a result of the appreciation of the Deutsche-Mark against the national currencies of their foreign competitors.

This can be seen from the figures of BASF AG, the parent concern, which in the first three months of 1978 saw exports account for 51 per cent. of sales —down from the 54 per cent. recorded in first quarter 1977. Overall sales dropped by 7.9 per cent. from DM2.62bn. to DM2.41bn., while pre-tax profits declined by 38.5 per cent. from DM231m. to DM142m.

Domestic sales, however, declined more sharply than sales outside Germany, falling by 10 per cent. from DM1.2bn. to DM1.08bn. Overseas turnover was off by 6.1 per cent. at DM1.33bn., compared with DM1.42bn. in the first quarter of last year.

It should be pointed out, however, that the first quarter of 1977 was the swan song of the 1976 chemicals upsurge. From the group's figures it appears that the sales situation has stabilised and, although prospects of a major improvement seem remote, things are unlikely to get much worse.

Prof. Matthias Seefelder, the BASF chief executive said: "The April gap between 1977 and 1978 sales was considerably narrower. Based on orders in hand and incoming orders, there are no grounds, however, for concluding that a decided change is in the offing in the immediate future ... no upswing is in sight."

Prices, said Prof. Seefelder, were the group's main concern. BASF's weighted price index had declined by 8 per cent. since 1976. There were indications that prices in Germany were stabilising but the federal republic's chemicals manufacturers were facing stiff competition in their domestic market from foreign competitors who were "taking maximum advantage of their cost advantages."

The position was further aggravated by "dumping" in the West German market, he said. The fertiliser market had been disrupted by dumping by enterprises from Portugal, Spain and some Comecon countries, while "buy-back agreements" with the Soviet Union had resulted in the dumping of polyethylenes.

Europe's anti-dumping measures were very weak, he said, and the West German chemicals industry had asked the European Commission to evolve more effective measures to deal with the problem.

The group was "striving adamantly" to lower costs, he said. A complete stop had been put on all personnel recruitment and, as a result of normal labour turnover, the workforce of the parent had been reduced slightly since the beginning of the year.

Akzo struggles through first three months

BY CHARLES BATCHELOR AMSTERDAM, May 10.

DUTCH-BASED Akzo managed a slight improvement in its operating result in the first quarter of 1978 but after a higher tax charge and deductions for minority interests the net result was sharply reduced. The company sticks to its earlier forecast that 1978 will produce a fourth year of losses but with the final quarter showing a profit.

Operating profit rose 6 per cent. to Fls.90.1m. ($21.3m.) from Fls.84.9m. After a tax charge Fls.9.7m. higher at Fls.27.1m. and deduction of Fls.8.5m. for minority interests (Fls.5.4m.), the net profit emerges at Fls.2.5m. compared with Fls.13m. Net profit per share was Fls.0.08 against Fls.0.44.

Largely due to the continued weakness of the dollar, turnover fell slightly to Fls.2.65bn. from Fls.2.68bn. The chemical fibres division reduced its losses to Fls.11m. compared with Fls.16m. with volume sales holding at a reasonable level but prices much too low. The result of the industrial yarns sector was "not unsatisfactory" but lower than in 1977. There was some improvement in the U.S., but American Enka still made a small loss. Sales in the division fell to Fls.891m. from Fls.939m.

Operating profits in the chemical products division fell slightly to Fls.43m. from Fls.45m. on practically unchanged sales of Fls.1bn. Results in the U.S. were generally better than in Europe. The pharmaceuticals, consumer and other products division raised profit to Fls.58m. from Fls.56m. on sales of Fls.756m. (Fls.737m.) partly due to the consolidation of the French companies RETI and Mayolande.

Total workforce fell 100 to 84,300 during the three months but this conceals a decline of more than 500 in the Enka fibres group and an increase of 400 in the U.S.

Provisions made in 1977 are expected to "fully cover" the further restructuring costs of Akzo in 1978 and thus not affect this year's result.

Ennia equity placing to raise $9m.

By Our Own Correspondent

AMSTERDAM, May 10.

ENNIA, the Dutch insurance group, is to increase its capital as part of a plan to broaden the international spread of its activities. An international banking syndicate is to place privately 170,000 depositary receipts of ordinary shares raising more than Fls.20m. ($9m.).

Ennia will also shortly raise a loan on the bond market. It further plans to list the certificates of its ordinary shares on the Swiss Stock Exchanges. The company is already listed in London and Amsterdam.

The private placement of the depositary receipts will lead to an increase of about 10 per cent. in the company's capital. The Fls.20 nominal receipts have been priced at around the present Amsterdam stock exchange price of Fls.140 ($62.5).

A large number of the receipts have been placed outside Holland by a syndicate which includes, apart from Dutch banks, the Swiss Bank Corporation, Deutsche Bank, Morgan Stanley International and J. Henry Schroder Wagg.

The company expects a further increase in profits per share in 1978 despite the 13 per cent. increase in capital from the private placement and the proposed stock dividend for 1977. Profit per share rose to Fls.23.95 last year from Fls.20.71.

EUROPEAN OPTIONS EXCHANGE

Option	Price	July Close	July Vol.	Oct. Close	Oct. Vol.	Jan. Close	Jan. Vol.	Equity close
E. Kodak	$40	11⅞	—	12½	4	15	-	$51¼
E. Kodak	$45	7⅝	30	8⅝	—	9½	—	"
E. Kodak	$50	3¾	3	5¼	3	6⅛	20	"
E. Kodak	$60	1	—	2	—	3	—	"
GM	$50	13½	—	13⅛	—	13¾	—	$62⅛
GM	$60	4⅝	—	5	9	5¾	—	"
GM	$70	⅛	—	1	—	1⅝	—	"
IBM	$240	25½	—	27⅛	—	29	—	$260⅛
IBM	$260	10	—	14	—	16½	—	"
IBM	$280	2⅞	2	6⅝	6	8⅞	—	"
Algemene	F330	26	—	27.00	—	31	—	F348
Algemene	F340	18	2	19.50	—	23.00	—	"
Algemene	F350	9	1	11.70	2	13.50	—	"
Amro	F70	8.50	—	9.00	—	9.50	—	F77
Amro	F75	3.80	—	5.50	—	6.00	—	"
Amro	F80	2.50	—	3.50	—	4.00	—	"
Nat Ned	F100	11.00	—	12.00	2	14.20	2	F109.10
Nat Ned	F110	5.30	25	6.80	—	7.00	3	"
Philips	F22.50	3.40	—	3.70	10	4.00	13	F25
Philips	F25.00	1.20	3	1.80	44	2.50	—	"
Philips	F27.50	0.60	45	1.10	20	1.90	73	"
R. D. Shell	F120	7.80	12	8.00	3	9.00		F127.60
R. D. Shell	F130	1.80	36	3.00	—	4.50	10	"
R. D. Shell	F140	0.50	—	1.20	—	1.80	—	"
Unilever	F110	5.10	1	6.50	—	5.60	1	F114.50
Unilever	F120	0.90	18	1.70	20	2.30	—	"
Unilever	F130	0.60	—	0.60	10	1.40	—	"
		May		August		November		
BP	700p	—	—	—	—	—	—	844p
BP	750p	—	—	—	—	—	—	"
BP	800p	—	—	—	—	—	—	"
GEC	200p	—	—	—	—	—	—	347p
GEC	225p	—	—	—	—	—	—	"
GEC	250p	—	—	—	—	—	—	"
GEC	275p	—	—	—	—	—	—	"
ICI	300p	—	—	—	—	—	—	349p
ICI	325p	—	—	—	—	—	—	"
ICI	350p	—	—	—	—	—	—	"

Siemens reports half-year gains

BY ADRIAN DICKS BONN, May 10.

SIEMENS reports an 8.6 per cent rise in net profits for the first half of the current year to a new level of DM 277m ($138m). But the West German electrical giant points out that as a percentage of sales, profits had weakened slightly from 2.3 per cent in the first-half of 1976-77 to 2.1 per cent.

The company said that no radical improvement in business conditions had yet taken place. Sales during the period were up by 3 per cent to DM 13.2bn, with export business rising a little faster than that within West Germany.

Individual sectors did well in winning new orders, with data and information processing, telecommunications and signals engineering leading the way. Gains in medical engineering and components were less marked.

In spite of a 9 per cent. rise in domestic new orders, there was an 8 per cent drop in export orders so that on a comparable basis, the first six months showed no change from the corresponding period a year earlier

In absolute terms, sales were up by DM 1.1bn to DM 14.5bn. But the company points out that its nuclear subsidiary, Kraftwerk-Union, was fully consolidated for only the second three months of the 1976-77 first-half. It also notes that with the inclusion of KWU this year, a drop in sales has been suffered as a result of the continuing delays in placing new power station orders in West Germany and abroad.

East Germany borrows $22m. from Arabs

BY OUR OWN CORRESPONDENT FRANKFURT, May 10.

THE GERMAN Democratic Republic has broken new ground with its first all-Arab syndicated loan. The funding was discreetly announced in a "tombstone" advertisement in four Arab newspapers, but so far no announcement has been made in the European or American Press.

Although the $22m. loan is not large, it is understood that it could well be the pilot project for much larger loans.

The loan is being managed by Kuwait International Investment Company, the leading Kuwaiti underwriting house, which was advised by Bankhaus B Metzler Seel. Sohn and Co., one of West Germany's leading merchant banks. Co-managers are the Abu Dhabi Investment Company and the Arab and Morgan Grenfell Finance Company.

The loan has a two-year maturity and it is understood that it will be used to fund part of the GDR's western grains and animal fodder purchases.

The East German funding is, however, a breakthrough in that it should be seen as a stamp of approval from leading Arab investment institutions for the GDR

EUROBONDS

Ito-Yokado to issue $70m. bonds in U.S.

By Mary Campbell

THE Japanese company Ito-Yokado is to issue $70m.-worth of bonds in the United States. The bulk of the issue—$50m.—will be of convertibles with a final maturity in 1993. The remaining $20m. will take the form of five-year notes. The lead managers for the issue which was filed with the US Securities and Exchange Commission yesterday, are Goldman Sachs, Nomura Securities and J. Henry Schroder Wagg.

Sweden has filed a $125m. 20-year issue via Salomon Bros. to help finance the current account deficit.

All sectors of the secondary market were quiet yesterday in advance of the International Bond Dealers' meeting in Zurich. Prices were steady in the dollar sector but fell slightly in the D-Mark sector.

The last foreign bond issue on the Dutch market, Finland's Fls.75m., was yesterday priced at par, and a new foreign issue was launched for the European Investment Bank. The Fls.125m. issue will offer a 7¾ per cent. coupon on a 15-year final maturity.

Newfoundland's $50m. issue, priced on Tuesday at 100¼, started trading yesterday at 99¾-100

● Three South East Asian nations, Thailand, Indonesia and the Philippines, are thinking of issuing floating rate notes in Europe within the next three months, Reuter reports from Manila. According to Sixto Roxas, vice-chairman of American Express International Banking Corporation, they would initially issue $200m. worth of notes, which might later be doubled. Amexbank and Amexbancom, its joint ventures with Bancom Development Corporation, would manage the issues, the report said.

Volvo plans output rise

By William Dullforce

STOCKHOLM, May 10.

VOLVO, the Swedish automobile manufacturer, is raising its 1978 production target for passenger cars by 13 per cent. and will be taking on some 500 more workers at its domestic factories during the year. Mr. Haakan Frisinger, head of the car division, said car sales abroad would more than offset the sharp decline at home.

Last year, Volvo produced 225,700 cars and sold 261,000, thus reducing its heavy stocks. The production increase now scheduled for 1978 would bring output roughly into line with last year's sales level.

Output of the larger 240/260 models will rise by around 13 per cent this autumn. Some 200 extra workers have already been taken on at the Torslanda factory, mainly producing for export.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Dominion Stores hits record

By James Scott

TORONTO, May 10.

RECORD PROFIT and sales are reported by Dominian Stores of Toronto, Canada's largest food retailer, for the year ended March 1978. Profit was SC20.83m. (SUS18.5m.) or SC2.44 a share, against SC16.19m. or SC1.90 previously.

Sales rose from SC2.02bn. to SC2.21bn. (SUS1.96bn.).

Profit per dollar of sales rose from eight-tenths to nine-tenths of a cent.

Moore ahead

Although sales and operating margins in the U.S. were affected by severe weather and the coal strike, quarterly profits of Moore Corporation of Toronto, the world's largest producer of business forms, amounted to SU.S.19.7m. or 70 cents a share, against SU.S. 17.7m. or 63 cents a year earlier, writes James Scott from Toronto. Sales were SU.S.313.6m. compared with SU.S.285.1m.

Power Corporation

Power Corporation of Canada, the holding company which controls Investors Group, Great-West Life, Consolidated Bathhurst and other companies earned SC1.5m. (SU.S 1.3m.) or eight cents a share in the first quarter, against SC545,000 a year earlier writes Robert Gibbens from Montreal. Revenues totalled SC36.8m. (SU.S.32.6m.) against SC32.8m.

Asbestos evaluation

Negotiations between the Quebec Government and General Dynamics of the U.S. concerning the takeover of Asbestos Corporation are still awaited, writes Robert Gibbens from Montreal. Mr. G. Fiske, chairman of Asbestos, said after the annual meeting to-day however, that there had been contacts between Lazard Freres, representing General Dynamics and Kidder Peabody, representing the Quebec Government, and that an evaluation of Asbestos as a business, being co-ordinated by Lazard, was almost ready.

General Dynamics controls Asbestos Corporation through its 54.6 per cent. holding.

Philip Morris raises bid for Seven-Up to $490m.

BY STEWART FLEMING

NEW YORK, May 10.

STOCK MARKET speculators who have been anticipating an increased bid from Philip Morris for the third largest U.S. soft drink's producer, Seven-Up, had their hopes justified this morning when the tobacco and beer major said it was ready to pay $46 a share for Seven-Up.

Last week Philip Morris announced a $41 a share offer for the company, valuing it at $440m. But the Seven-Up board said that the offer was inadequate, adding that shareholders controlling over 51 per cent. of its stock, mainly representing holdings of the company's founding families, were not prepared to tender at that price.

Since then, Seven-up shares have been selling in the over-the-counter market at around $44 in anticipation of a new Philip Morris offer for the 10.7m. shares. The announcement by Philip Morris to-day values Seven-Up at $492m.

Philip Morris said that in addition to increasing the proposed bid terms it was also removing the condition that at least 5.47m. shares be tendered, and instead it will accept any and all shares tendered.

It added, however, that it will not execute the amendment to its offer if Seven-Up and certain of its principal shareholders enter into a merger agreement with it.

Philip Morris has offered to enter into a tax-free merger on the basis that the Common stock of Seven-Up would be exchanged for a new issue of Philip Morris Convertible Preferred stock with holders of about 45 per cent. of Seven-Up shares having an option to receive cash. All Seven-Up shareholders wanting a tax-free offer would have that option.

Seven-Up earlier rejected a previous offer to negotiate a similar transaction and Philip Morris said yesterday that the company refused to discuss the question of an offer at more than $41 a share on a merger basis. Seven-Up had no immediate statement on the new Philip Morris initiative.

Credit Suisse takes up option

BY NICHOLAS COLCHESTER

CREDIT SUISSE and Merrill Lynch Pierce Fenner and Smith have failed to agree on an arrangement whereby the U.S. investment bank might retain its 31 per cent. stake in Credit Suisse White Weld. It was revealed yesterday that the Swiss bank would be buying the holding from Merrill Lynch for about $27m., and would thereby raise its stake in CSWW, a major European investment bank, to around 76 per cent.

Mr. Milan Kerno, chairman of the Merrill Lynch International Banking Group, explained that the chief stumbling block in the negotiations had been the question of who should have control of any joint operation with Credit Suisse. "We prefer to have 100 per cent. of a growing operation rather than 30 per cent. of an established one," he said. He stressed that the main reason for Merrill Lynch's acquisition of White Weld in the U.S. had been the domestic benefits of the merger.

Merrill Lynch will now be restricted in its use of the White Weld name to the U.S market—through the newly formed Merrill Lynch White Weld Capital Markets Group. Overseas, the name will be reserved for Credit Suisse White Weld, which will continue to operate under this name.

Having made the decision to exercise its option, Credit Suisse is now faced with a variety of alternative methods of restoring its American links through CSWW which itself is about $15m. richer through the sale of its 30 per cent. stake in White Weld. It could acquire an American brokerage house, it could acquire a stake in one, take on another American partner in CSWW, or it could go it alone from its European base.

For Merrill Lynch, which bought White Weld for the estimated book value of $50m. The Credit Suisse decision means it will have acquired White Weld minus the CSWW connection for roughly $23m.

Recall order against AMC

BY OUR OWN CORRESPONDENT NEW YORK, May 10.

THE Environmental Protection Agency (EPA) has ordered American Motors to recall virtually all its 1976 production of cars and trucks—some 310,000 vehicles—to repair a faulty pollution control valve.

The order is the most sweeping recall which the EPA has announced, according to a spokesman.

AMC which is currently negotiating a co-operation agreement wih Renault, the French car manufacturer, has been in talks with the EPA for several months about recalling the vehicles, and in February of this year voluntarily agreed to recall some 157,000 vehicles.

The problem involves a defective valve in the cars' pollution conrol systems which is causing the cars to breach anti-pollution regulations.

The EPA estimates that correcting the fault will cost around $20 a car, but it anticipates that owners of only about half the vehicles will fulfil the recall order.

There have in the past been larger recalls in terms of the total number of vehicles affected —6.7m. General Motors vehicles were once recalled to repair defective engine mounts—but no recall has affected so high a proportion of a single manufacturer's annual production.

U.K. group in $6m. food deal

By Our Own Correspondent

NEW YORK, May 10.

CHARTERHOUSE Group International, a subsidiary of the Charterhouse Group of London, has joined with a Florida-based food processing company Fremont in signing a letter of intent to buy control of Marathon Enterprises for some $6m.

Marathon makes and distributes hamburger and frankfurter rolls and frankfurters in the New York Metropolitan area. Its shareholders, under a letter of intent subject to a number of conditions, including the execution of definitive agreements, will be offered $6.35 a share for the 1m. shares of the company.

Marathon had sales last year of $27m. and earnings of $1m.

Heinz bid agreed

The directors of both Heinz and Weight Watchers have approved the agreement in principle for Heinz to pay $24 a share for the Long Island-based diet food maker. The proposed deal, worth a total of $71m., is still subject to the approval of Weight Watchers shareholders, the negotiation of a definitive agreement and certain other conditions, agencies report from Pittsburgh. Meanwhile, Heinz had no comment on talks with Foodways National, the producer and marketer of frozen foods and food products bearing the Weight Watchers trade-mark, which it plans to purchase for some $50m.

Sunbeam upsurge

With all operating sections ahead and "strong" demand continuing, Sunbeam Corporation, the appliance maker reports net earnings 6 per cent. higher at $46m. or $3.11 per share for the year to March 25, against $3.01 in the previous year, agencies report. After currency translations, the net comes to $3.01 against $2.37. Sales for the year were 20 per cent. ahead at $2.1bn.

Combined Insurance

Predicting new peaks this year for premiums, profits and dividends, Combined Insurance Company of America reports first quarter income before investment gains at $14.1m. Investment income was $11.3m. and income per share came to 53 cents against 47 cents for the same period of last year. Agencies report.

Shipbuilding rise

Overseas Shipholding Group, the shipping concern, reports first quarter net profit ahead by 18 per cent. at $13m., or $1.23 against $1.03 for the same period a year ago. The figure includes an unrealised gain of $509,000 on currency translation for the latest period against a loss of $162,000 the previous year. The result came on the back of an 8 per cent. rise in revenue to $34.7m. Agencies report from New York.

Corco delay

Commonwealth Oil Refining has announced a postponement of its annual meeting, originally scheduled for May 25 in Puerto Rico, AP-DJ reports from San Juan. "We believe more time should be devoted to considering several developments before we hold a formal meeting with shareholders, Mr. Gary W Davis, president and chief executive said.

Dana in Europe

Dana Corporation, the motor components company, says that Dana-Europe has agreed in principle to buy Genuine Parts' 75 per cent. interest in its Swiss unit Genuine Parts S.A., Reuter reports from Toledo. Terms were not disclosed.

BRIEFLY

Northwest Air ahead

Among companies reporting first quarter profits ahead over the same period a year ago was **Northwest Airlines** with 77 cents a share against 56 cents. Also ahead was **Planning Research** at 51 cents against 44 cents **M. Lowenstein and Sons** reported first period profit at $1.3m. or 39 cents a share, while **Transway International** earned 96 cents against 83 cents a share in last year's first period.

Showing declines on the other hand were **Wisconsin Electric Power** with 87 cents for the latest quarter going against 98 cents last time and **Harcourt Brace** showing a first quarter loss this time of $2.03m. against a loss of $1.2m.

In Canada, the picture was also mixed with **Campbell Red Lake** ahead at 46 cents a share in the latest first quarter against 32 cents last time

New ITT chief forecasts records in current year

BY DAVID LASCELLES NEW YORK, May 10.

MR. LYMAN HAMILTON JR., who took over the job of president of ITT from the formidable Harold Geneen in January, was in buoyant mood as he presided over his first annual meeting to-day, and announced a further growth in the large conglomerate's earning for the first quarter of 1978.

Revenues were up 13 per cent. to $4.3bn. and earnings up nearly 10 per cent. to $157m. compared with the same quarter last year, he said, equivalent to a rise in per share earnings from $1.08 to $1.15.

This was ITT'S first quarter without Mr. Geneen at the helm, although the man who led the company for the last—frequently stormy—19 years and turned it into a $17bn. company with interests ranging from bread to insurance is still chairman, and he was up on the dais at to-day's meeting in Oklahoma City.

He personally picked Mr. Hamilton to succeed him, but Mr. Geneen's zeal for work is widely expected to prevent him from pulling out of the day-to-day running of the company completely. Similarly, his intimate knowledge of ITT has made people wonder whether anyone else is capable of running this sprawling business, which operates in 80 countries.

But Mr. Hamilton seemed undaunted by the task before him. The company was confident, he said to-day, that 1978 results would exceed all previous records for sales, net income and earnings per share.

He was forced to acknowledge, though, that the first quarter results were substantially lower than expected because of the decline of the dollar at the end of March. Gains from foreign currency translation had turned out to be 13 cents per share, compared with 15 cents in the same period last year.

Some of the biggest contributions to earnings came from the insurance and finance divisions, where revenues were $963.2m. (up from $832.1m. last year) and net income $65.2m. ($36.8m.). Strength was also shown by communications operations and automotive products.

Spanish dilemma for U.S. Steel

BY ROBERT GRAHAM MADRID, May 10.

U.S. STEEL is expected to decide before the end of the month whether to reduce its important involvement in the depressed Spanish steel industry. U.S. Steel currently holds a 27 per cent. stake in Altos Hornos de Vizcaya (AHV) and 17 per cent. in Altos Hornos Mediterraneo (AHM), which together account for some 35 per cent. of Spain's integrated steel capacity.

The president of U.S. Steel, Mr. David Roderick, made a special visit here earlier this week to discuss the company's future involvement in the steel sector with the Minister of Industry, Sr. Antonio Rodriguez Sahagun. There are two inter-related decisions facing U.S. Steel in the light of government plans to restructure the industry, which faces the prospect of accumulated losses of some $750m. by the end of the year.

U.S. Steel must decide whether it wants to participate in a move to write down the Pta6bn ($75m.) capital of AHM and then contribute its share of Pta12bn. ($150m.) recapitalisation, in which the state would provide one-third

It must also decide whether to take part in a restructuring of AHV's capital. This would involve a total injection of some Pta5bn. ($62m.) with the state again providing one-third of new funds. The situation is complicated by AHV itself possessing 47 per cent. of AHM

Our New York Staff adds: While U.S. Steel would not comment to-day on its Spanish plans, the group disclosed the purchase of the New Jersey based Hatco polyester division of W. R. Grace. Price was not given.

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INTL. FINANCIAL AND COMPANY NEWS

South African Breweries increases dividend by 16%

BY RICHARD STUART

JOHANNESBURG, May 10.

SOUTH AFRICAN Breweries, the large diversified liquor based group, has increased its dividend distribution by 16 per cent. for the year ended March 1978. The total annual payout is now 11 cents a share, against 9.5 cents perviously.

A significant improvement in profits from the beer division pushed group attributable after tax profits 12 per cent. higher from R47.2m. to R52.9m. ($60.8m.) Taking advantage of the strong surge in profits, the board has decided to adopt a more conservative approach to accounting for profits from its Rhodesian subsidiaries and to provide for additional depreciation against the fixed assets employed in the liquor division.

Rhodesian profits have been deconsolidated and in future only dividends will be taken into account as and when received. The effect of these accounting changes is to reduce earnings by R3.6m. to R49.2m. which will be used as the new base.

The beer division benefited from a price increase being in force for the full year, which meant better margins. Besides maintaining its dominant position in the beer market, the Stellenbosch Wine Trust subsidiary managed to increase profits in a generally depressed wine and spirit market.

While the push to earnings came entirely from the liquor interests, the diversified interests of the group contributed the same overall total as last year. The Southern Sun hotel chain weighed in with higher profits, while there was a recovery at Shoe Corporation. The group's most significant diversification has been into retailing via OK Bazaars, which had a poor first half, but made a strong comeback in the second for unchanged profits.

Because of the more conservative accounting policies, the Board has decided to move to a twice-covered dividend position. SA Breweries has been at the forefront of the recent advance in industrial shares on the Johannesburg Stock Exchange, which has taken the Rand Daily Mail 100 industrial index 15 per cent. higher over the past six weeks. Currently trading at 132 cents, SA Breweries yields 8.3 per cent. on dividend.

JAPANESE NEWS

Marui maintains strong growth

BY YOKO SHIBATA

TOKYO, May 10.

JAPAN'S TOP credit store, Marui, maintained double-digit growth rate in both consolidated sales and profits for the fiscal year ended January 1978. The company registered profits gains in 15 consecutive business periods since the company was listed on the Tokyo Stock Exchange and has become the second largest company in the Japanese distribution industry after Mitsukoshi Department store.

Despite a protracted pause in personal consumption, Marui's consolidated sales grew by 10.2 per cent to Y182.93bn. ($813m.). The company also increased consolidated net profits by 15.7 per cent. to Y8.89bn. ($39.5m.). As a result, consolidated profits per share went up from Y65 to Y69.

Increasing sales from new outlets on advantageous sites—the company's policy is to open stores at or near railway stations—coupled with subsequent improvements by its six fully owned subsidiaries, particularly Marui Advertisement and Nakano Transportation, provided the main impetus to Marui's profit growth.

According to Marui, $30m. of exchange gains were made from its dollar-based convertible debenture issued last May.

Upsurge in profits at Casio

By Our Own Correspondent

TOKYO, May 10.

CASIO COMPUTER, Japan's leading manufacturer of electronic calculators, has proved its ability to withstand the effects of yen appreciation by showing a strong improvement in profits for the fiscal year ended in March.

The desk-top calculator maker has lifted current profits by 59.2 per cent. to Y3.86bn. and net profits by 20.5 per cent. to Y1.81bn. ($8m.) on sales of Y63.05bn. ($280m.), up 15.6 per cent.

The company's exports accounted for 56 per cent. of the total turnover. Each time the yen was upvalued, Casio fixed the yen-dollar exchange rate for accounting purposes slightly higher than the actual rate. The company adjusted its production system accordingly and worked out measures to lessen the impact of the yen appreciation—introducing new models (60 different products) with higher markups.

The company has moved to produce electronic calculators with a higher value added element and its quality products have enjoyed strong demand and maintained competitiveness in overseas markets. According to Casio the international oversupply of desktop calculators has been reduced by the withdrawal of south-east Asian makers. The company's production line is working at full capacity.

Japanese back call for banking liberalisation

FINANCIAL TIMES REPORTER

FOREIGN BANKS' demands for liberalisation of Japan's banking system are supported by Japanese banks, Mr. Takuji Matsuzawa, president of the Japanese Bankers Association said in Tokyo.

The Japanese system of banking regulations has, as reported in the Financial Times yesterday, been criticised by the EEC Commissioner for Financial Institutions, Mr. Christopher Tugendhat, for a "lack of transparency" and a de facto bias in favour of domestic banks.

Mr. Tugendhat is currently visiting Japan for talks with Government officials and bankers on EEC dissatisfaction with Japanese treatment of foreign banks.

Mr. Matsuzawa, who is also president of Fuji Bank, said that foreign and Japanese banks should be allowed to issue bonds and place certificates of deposits on the Japanese capital market in the same way that Japanese banks are permitted to do in western countries.

Foreign banks in Japan are treated on an equal basis with Japanese banks, but the Japanese banking system itself is much more tightly controlled than in western countries, Mr. Matzusawa said.

Japanese banks agreed with foreign banks that the interest rate structure in Japan should be freed from its present tight control.

Japan Line directors may quit

BY OUR FINANCIAL STAFF

TOKYO, May 10.

ALL BOARD of director members, except president Hisashi Matsunaga and some other managing directors of Japan Line, the world's biggest tanker operator, have offered to resign their posts to take responsibility for the company's financial crisis, Japan Line said to-day.

It was not known whether President Matsunaga would remain at his post, but the company expected new leadership to be decided by the end of this month by major stockholders, including the Industrial Bank of Japan.

Hit by a world-wide shipping market slump centred on tanker operation, the deficit-ridden company asked banks last February for a moratorium on borrowings of about Y30bn. ($133m.) due in the current fiscal year ending March 31, 1979.

Japan Line has a fleet of 256 tankers, including chartered vessels, totalling about 20.5m. deadweight tons as of the end of March.

AP-DJ.

Southern Packers bid stalemate

BY JAMES FORTH

SYDNEY, May 10.

THE SIX-MONTH deadline for Southern Packers to make a takeover offer to minority shareholders in Marrickville Holdings, the food group, was reached to-day without a bid being made.

A short announcement from the two independent directors, Mr. C. H. Rennie and Mr. O. E. Phillips, and a Southern Packers representative, Mr. J. Logan said they had not yet achieved agreement on an acceptable offer.

Negotiations were continuing and it was expected that an announcement would be made within two weeks.

The Marrickville - Southern Packers saga started last September when Southern Packers announced it had acquired 11.8 per cent. of Marrickville. Several other parties, including the Malaysian group, Sime Derby, talked to Marrickville on the possibility of making a full and formal takeover offer, but this was stymied by continued market buying by Southern Packers, which went on until it reached just over 50 per cent. of the capital late in October.

Marrickville shares were priced at around 40 cents before Southern Packers began buying. It moved to around 80 cents before Southern Packers disclosed its hand, and reached a high of $A1.10 during the market operation to ensure control.

At the time Southern Packers assumed control there had been no mention of an offer to minority holders. The exercise attracted considerable criticism and was one of the factors which have prompted the State governments and stock exchanges to examine changes in the take-over rules.

On November 10, Southern Packers announced that a bid would be made to minority holders within six months provided it could raise the funds and that the bid was recommended by both the independent directors and merchant bank, Hill Samuel Australia.

The independent directors and Hill Samuel would have access to whatever information they required in order to make the recommendation. Southern Packers gave no commitment that it would match the $A1.10 reached when buying control. Since Southern Packers assumed control, the company has been involved in a margarine price cutting war which adversely affected profits.

This, plus the write back of future income-tax benefits totalling $A1.94m., resulted in Marrickville declaring a $A3.11m. loss for the December half-year. The market price of Marrickville had fallen to 77 cents since the loss was announced, although the price moved up to-day to 82 cents, possibly in the expectation that a bid announcement would be made.

Malaysian loan

THE Malaysian Government has raised the amount of its recent domestic loan issue to 800m. ringgits ($U.S.335m.) from 650m. following heavy over-subscription of the loan, the Treasury Department said, reports Reuter from Kuala Lumpur.

The Treasury said that applications totalled 928.8m. ringgits for the loan.

MEDIUM-TERM LOANS

Good terms for $300m. Iran loan

By Francis Ghilès

CHASE MANHATTAN is understood to have been awarded a mandate to raise $300m. for the National Gas Company of Iran. The borrower will pay a split spread of ⅝ per cent. for the first five years rising to ¾ per cent. for the last five. The Government of Iran will provide a guarantee.

These terms mark the entry of Iran into the ever-growing club of borrowers which can command a spread of ⅝ per cent. Both the spread and the maturity obtained by this borrower mark an improvement on the terms achieved by the Mining Development Bank of Iran only weeks ago—a ¾ per cent. spread for a maturity of eight years.

Another Middle East borrower is arranging a *refinancing* on terms which are softer than those it obtained last summer. The Jordan Petroleum Refining Company is refinancing the $70m. undrawn portion of the $100m. six-year loan which carried a spread of 1½ per cent., and which it signed last August. The terms of refinancing include a maturity of seven years and a spread of 1¼ per cent., which, even allowing for a refinancing fee of ¼ per cent. makes the money about ⅛ per cent. cheaper for the borrower. The new loan carries a grace period of three years, starting last August, whereas last summer's loan carried a grace period of two years: here again the borrower gains.

Arab and Morgan Grenfell remain as lead manager. The borrower which is a privately controlled company, which has the monopoly of refining and distributing oil in Jordan, has obtained a state guarantee.

The Algerian state shipping company CNAN is raising 175m. Saudi Rials (about $50m.) through a group of banks led by BAII. Terms include a fixed interest rate of 8½ per cent., a ten-year maturity and a grace period of five years.

The $100m. loan for the Moroccan state phosphate company OCP being currently arranged by Abu Dhabi Investment Company is not meeting with a good reception. Quite a few banks have turned down offers to participate on the grounds that a spread of ⅞ per cent. for eight years is unrealistic for this borrower.

For the lead manager the deal makes more sense: as an agency of the Abu Dhabi Government it is lending to Morocco on terms which are more attractive than those which a loan from the Abu Dhabi to the Moroccan government would boast. Such concessionary loans are often for maturities of 15 years and more, as against eight years in the present case.

Interunion is arranging two loans: one of $20m. for five years carrying a spread of ⅞ per cent. for two years rising to 1 per cent. for Banca Catalana. The borrower has a guarantee from Banco Industrial de Cataluna. The other loan, which is expected soon will be for Enecel of Ecuador, and will be $50m. Terms are expected to include an eight-year maturity and a spread of 1½ per cent.

Paribas in broking move

By David White

PARIS, May 10.

BANQUE DE PARIS et des Pays-Bas is negotiating for a stake in the leading Hong Kong brokerage firm, Sun Hung Kai, according to banking sources here.

The French bank confirmed that it had had contacts with Sun Hung Kai, but declined any further comment on its discussions at the present stage. No accord had been signed.

A Paribas representative said that to his knowledge all the shares, including those of the Fung family which controls the company, were currently held in Hong Kong.

Sun Hung Kai, which has a capital of $HK300m., is active in securities and commodity trading and is quoted on the Hong Kong Stock Exchange, the bank added.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8¾pc 1989	96¾	97½
AMEV 8pc 1987	96⅛	97½
Australia 8¾pc 1992	93⅞	94½
Australian M. & S. 9½pc '92	97	97⅞
Barclays Bank 8¾pc 1992	96⅞	97½
Bowater 9½pc 1992	97⅞	98⅜
Can. N. Railway 8¾pc 1986	97	97⅞
Credit National 8¾pc 1986	97½	98
Denmark 8¾pc 1984	100	100⅜
ECS 9pc 1993	98½	99½
ECS 8¾pc 1997	95½	96¼
EIB 8¾pc 1992	98⅛	99½
EMI 9½pc 1989	98	98⅞
Ericsson 8¾pc 1989	96⅞	97½
Esso 8pc 1986 Nov.	101½	102
Gt. Lakes Paper 8¾pc 1984	98½	99
Hamersley 9½pc 1992	99½	100½
Hydro Quebec 9pc 1992	95½	96¼
ICI 8¾pc 1987	97	98
ISE Canada 9½pc 1986	104½	105
Macmillan Bloedel 9pc 1992	96	96⅞
Massey Ferguson 9¼pc '91	96⅜	97⅞
Michelin 9½pc 1988	102	102⅜
Midland Int. Fin. 8¾pc '92	97½	98⅜
National Coal Bd. 8pc 1987	94½	95½
National Wstmnstr. 9pc '86	101	101⅜
Newfoundland 9pc 1989	99	99⅜
Nordic Inv. Bk. 8¾pc 1988	98⅜	99½
Norges Kom. Bk. 8¾pc 1992	97½	98½
Norpipe 8¾pc 1989	96⅜	97½
Norsk Hydro 8¾pc 1992	96	96⅜
Oslo 9pc 1988	100⅜	101½
Ports Autonomes 9pc 1991	98½	99½
Prov. Quebec 9pc 1995	95½	96
Prov. Saskatch. 8¾pc 1986	99	99½
Reed International 9pc 1987	93	95
RHM 9pc 1992	93	93⅞
Selection Trust 8¾pc 1989	91	92
Skand. Enskilda 9pc 1991	99½	100½
SKF 8pc 1987	93½	94
Sweden (K'dom) 8¾pc 1987	96⅜	97
United Biscuits 9pc 1989	98⅜	99½
Volvo 8pc 1987 March	93	93⅞

NOTES	Bid	Offer
Australia 7¾pc 1984	95⅞	96½
Bell Canada 7¾pc 1987	94⅞	95½
Br. Columbia Hyd. 7¾pc '85	93½	94⅜
Can. Pac. 8¾pc 1984	99½	100
Dow Chemical 8pc 1986	98	98⅞
ECS 7¾pc 1982	96⅜	97½
ECS 8¾pc 1989	95⅜	96½
EEC 7¾pc 1982	97	97⅞
EEC 7¾pc 1984	96	96⅞
Enso Gutzeit 8¾pc 1984	96⅜	97½
Gotaverken 7¾pc 1982	97⅞	98½
Kockums 8pc 1983	97½	98
Michelin 8¾pc 1983	99½	100
Montreal Urban 8¾pc 1981	100⅜	101
New Brunswick 8pc 1984	97	97⅞
New Bruns. Prov. 8¾pc '83	99⅞	100½
New Zealand 8¾pc 1986	98⅜	99
Nordic Inv. Bk. 7¾pc 1984	96⅜	97
Norsk Hydro 7¾pc 1982	97½	98
Norway 7¾pc 1982	96⅜	97
Ontario Hydro 8pc 1987	95	95⅜
Singer 8¾pc 1982	100½	101
S. of Scot. Elec. 8¾pc 1981	99½	100½
Sweden (K'dom) 7¾pc 1982	97	97⅞
Swedish State Co. 7¾pc '82	97⅞	98
Telmex 9½pc 1984	99⅜	100
Tenneco 7¾pc 1987 May	94½	95
Volkswagen 7¾pc 1987	94⅜	95½
STERLING BONDS		
Allied Breweries 10½pc '90	89⅜	90½
Citicorp 10pc 1993	90⅜	91⅜
Courtaulds 9½pc 1989	89½	90½
ECS 9½pc 1989	93⅜	94⅜
EIB 9½pc 1988	93⅜	94⅜
EIB 9½pc 1992	93½	94½
Finance for Ind. 9½pc 1987	90½	91½
Finance for Ind. 10pc 1989	91	92
Fisons 10½pc 1987	94	95
Gestetner 11pc 1988	93½	94½
INA 10pc 1988	89⅜	90⅜
Rowntree 10¾pc 1988	89⅜	90½
Sears 10½pc 1988	89½	90½
Total Oil 9½pc 1984	92⅜	93⅜

DM BONDS	Bid	Offer
Asian Dev. Bank 5¾pc 1988	96⅜	97½
BNDE 6¾pc 1986	96⅜	97½
Canada 4¾pc 1983	98	98⅜
Den Norske Id. Bk. 6pc '90	97⅞	98½
Deutsche Bank 4¾pc 1983	98	98⅜
ECS 5¾pc 1990	95½	96⅜
EIB 5¾pc 1990	95½	96⅜
Elf Aquitaine 5¾pc 1988	95½	96
Euratom 5¾pc 1987	98½	99½
Finland 5¾pc 1986	98	98⅞
Forsmarks 5¾pc 1990	98	98⅜
Mexico 6pc 1985	95½	96
Norcem 5¾pc 1989	99½	100½
Norway 4¾pc 1983	99½	100½
Norway 4¾pc 1983	97⅞	98½
PK. Banken 5¾pc 1986	95⅜	96½
Prov. Quebec 6pc 1990	96½	97½
Rautaruukki 5¾pc 1988	96	97
Spain 6pc 1988	95	95⅜
Trondheim 5¾pc 1988	97½	98
TVO Power Co. 6pc 1988	97½	98
Venezuela 6pc 1988	97½	98
World Bank 5¾pc 1990	98	98⅜
FLOATING RATE NOTES		
Bank of Tokyo 1984 7 13/16pc	99⅜	100⅜
BFCE 1984 8¾pc	99⅜	100⅜
BNP 1983 8 1/16pc	100⅜	101⅜
CCF 1983 8pc	100	100½
CGMF 1984 7¾pc	99⅜	99⅞
Creditanstalt 1984 7¾pc	99½	100⅜
Credit Lyonnais 1982 8pc	100	100½
DG Bank 1982 7 15/16pc	100⅛	100⅜
GZB 1981 8 1/16pc	100⅜	101½
Intl. Westminster 1984 8pc	99⅜	100⅜
Lloyds 1983 7¾pc	100⅛	100⅜
LTCB 1983 8pc	99⅞	100⅜
Midland 1982 8pc	101	101½
Midland 1987 7 11/16pc	99½	100
OKB 1983 7¾pc	100	100½
SNCF 1985 8¾pc	99⅜	99⅞
Std. and Chtrd. '84 7 13/16pc	99⅜	100½
Wms. and Glyn's '84 8 1/16pc	99⅜	100⅜

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¾pc '87	87½	89
Ashland 5pc 1988	85	86½
Babcock & Wilcox 6½pc '97	101½	102½
Beatrice Foods 4¾pc 1992	97½	99
Beatrice Foods 4¾pc 1992	102½	104½
Beecham 6¾pc 1992	95½	96½
Borden 5pc 1992	100	101½
Broadway Hale 4¾pc 1987	78	79½
Carnation 4pc 1987	77½	79
Chevron 5pc 1988	136½	138
Dart 4¾pc 1987	79½	81
Eastman Kodak 4½pc 1988	84½	86
Economic Labs. 4¾pc 1987	77½	79
Firestone 5pc 1988	82½	84
Ford 5pc 1988	90	91½
General Electric 4¼pc 1987	87	88½
Gillette 4¾pc 1987	78½	80
Gould 5pc 1987	113½	115
Gulf and Western 5pc 1988	87	88½
Harris 5pc 1992	170	172
Honeywell 6pc 1986	88½	90
ICI 6¾pc 1992	87	88
INA 6pc 1997	95	96½
Inchcape 6¾pc 1992	115	116
ITT 4¾pc 1987	83	84½
Jusco 6pc 1992	112	113
Komatsu 7½pc 1990	125½	126½
J. Ray McDermott 4¾pc '87	162½	164½
Matsushita 6¾pc 1990	167½	169
Mitsui 7¾pc 1990	121½	122½
J. P. Morgan 4¾pc 1987	98	99½
Nabisco 5¾pc 1988	100½	102
Owens Illinois 4¾pc 1987	114½	116
J. C. Penney 4¾pc 1987	78½	80
Revlon 4¾pc 1987	111½	113
Reynolds Metals 5pc 1988	86	87½
Sandvik 6¾pc 1988	111	113
Sperry Rand 4¾pc 1987	82	83½
Squibb 4¾pc 1987	81½	83
Texaco 4¾pc 1988	82½	84
Toshiba 6¾pc 1992	126	127
Ty Co. 5pc 1984	77	78½
Union Carbide 4¾pc 1982	96	97½
Warner Lambert 4¾pc 1987	84½	86
Warner Lambert 4¾pc 1988	77½	79
Xerox 5pc 1988	79½	81

Source: Kidder, Peabody Securities.

BATTERY OPERATED VEHICLES

A spark of financial hope

BY PETER CARTWRIGHT

TALKS NOW going on with the Government are expected to result in a considerable increase in financial support for the further development of battery-operated vehicles in Britain.

So far, this support has been limited to £400,000, for a vehicle assessment programme being undertaken by the Greater London Council. This involves mainly Chloride and Lucas, each of whom is supplying a number of battery-operated vans for the trials.

But the sum looks meagre when set against the total £50m. in government aid going to France, West Germany, Japan, and the U.S.

Hints of a coming change of heart were given at a recent Transport and Road Research Laboratory conference that selected converting coal into oil (which would mean a massive increase in mining) and electric vehicles as the two front-runners in the energy crisis stakes.

Extra support now would come at a crucial time. Individual companies have spent heavily — Chloride more than £10m. and Lucas £4m. — to keep abreast of developments in new high-performance batteries and in more compact and sophisticated control systems. And at the moment it is conceded even by some of their keenest competitors that the British companies are a year or two in advance of the opposition.

In their various ways, they have brought the new technology close enough to the commercial starting line to believe that they could win a valuable race in world markets. But with each major decision costing up to £1m., Government aid to help close the financial gap between development and the assembly line would obviously be welcomed.

The U.K. has more experience of battery operated vehicles on which to build than any other country. About 44,000 are running about delivering bread and milk—more than in the rest of Europe put together. But the image of the milk float is far from the up-to-date scene.

Lucas is working on a taxi which will reach 60 mph and out-accelerate a diesel cab. The Chloride-Chrysler Silent Karrier 35-cwt payload van, with improved lead acid batteries, will travel at around 40 mph. and fully laden will accelerate to 30 mph in 19 seconds. Lucas-Bedford's similar van, again with higher capacity battery, is designed for a range of 140 miles at a constant 30 mph.

It is now generally agreed that the greatest potential lies in "programmed" routes for buses, commercial vehicles with ½-ton to 3½-ton payloads, and personnel carriers, for such things as easing urban rush hour loads, delivering papers and parcels, and airfield work.

The key to it all is the battery, and it is here that the U.K. is ahead: Chloride, jointly with the Electricity Council, is developing a sodium-sulphur battery that promises to be three times more efficient than the best lead-acid type. Despite the fact that some rivals still have a tendency to place the sodium-sulphur battery in the "if," not "when," category, such batteries should be powering a Chloride medium van to take the U.K. into the next most challenging and potentially most rewarding stage. To date, prototype sodium-sulphur batteries have achieved a life of nearly 600 cycles, or re-chargings, well on the way towards the 1,000 that Chloride considers a minimum requirement. Ideally it would like to continue to 1,500 cycles, which is the life expectancy of a lead-acid battery and equivalent to around five years.

The new battery operates at 350 degs. C, at which temperature the electrodes are molten and have to be ceramically separated.

Of equal importance to battery development is an effective foolproof drive control system, and here again the U.K. seems to be ahead of the opposition. The leading, and almost the only independent manufacturer is Cableform, of Oldham, which claims an 8 per cent. share of the world market.

Cableform is associated with Chloride in the development of systems for Chloride's Silent Karrier van and other programmes. It is also, with Government aid, further developing a regenerative braking system, in which braking energy is converted back into stored electrical energy via an electro-magnetic motor. Of 30 advanced Cableform-operated vehicles in various countries, five are in America, and one, a Renault 5, forms part of the French evaluation programme. The principal benefit of regenerative braking is that it can increase working range by around 16 per cent.

Lucas has also been extremely active in this area and believes it has a world-wide lead in lead-acid battery technology. It is now two-thirds of the way through an intensive six-year programme which in 1980 is expected to have brought electric vans within sight of the assembly lines. Both Lucas and Chloride have developed advanced logic circuitry to simulate conventional vehicle handling. Indeed, the U.K. objective has been to provide a package requiring the minimum of structural adaptation to conventional vehicles and which will enable them to accelerate, steer and brake like vehicles with automatic gearboxes. Regenerative braking systems, for instance, also simulate engine retardation when the foot is lifted from the accelerator.

Lucas is concentrating on vans and trucks with ¾-ton to 1-ton payloads, and appears no longer interested in buses despite its experience with the Midi-Bus. Meanwhile as a result of the forward programme for the sodium-sulphur battery, Chloride is planning to increase the range of its Silent Rider single-decker bus to 150 miles and its payload by 30 per cent.

Both Lucas and Chloride are confident that work has reached a sufficiently advanced stage to justify Government commitment. Indeed, a long-term energy programme will demand a categorical statement soon.

It will not go unnoticed, however, that both the leading programmes are associated with American companies—Chloride with Chrysler and Lucas with General Motors (Bedford). The possible involvement at some stage of State-owned British Leyland remains an open question.

HOW THE BATTERY VANS COMPARE

	Current	High performance*	Sodium/ Sulphur
CHLORIDE/KARRIER 35-cwt VAN			
Wh/kg.	27	38	135
Range (miles)	35	50	150‡
Maximum speed (mph)	40	40	40
0-30 mph (with 35-cwt payload) (seconds)	19	19	19
30-40 mph (seconds)	25	—	—
LUCAS/BEDFORD 35-cwt VAN			
Wh/kg.	35	40-45†	
Range (miles)	50-70	70-80	
Maximum speed (mph)	50	50+	
0-30 mph (with 35-cwt payload) (seconds)	14	14 max.	
30-40 mph (seconds)	10	10	

* Chloride high performance battery only as yet for Karrier programme. † Lucas high-performance battery not yet in production. ‡ Plus 30 per cent. increase in payload.

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ISRAEL

On the thirtieth anniversary of its independence Israel, under the government of Mr. Menahem Begin who came unexpectedly to power last year, is facing the challenge of an unprecedented chance for peace with the Arabs and a new approach to economic development.

The struggle goes on

By Anthony McDermott

THE THIRTIETH anniversary of Israel's statehood should be an occasion for unrestrained celebration. But, although in physical terms its existence is perhaps more established and secure than at any time since independence, and its citizens—in spite of a 40 per cent. inflation rate—relatively prosperous, worries and doubts persist.

The sense of security should be there, because Israel has clearly reorganised its armed forces since the setbacks suffered at the beginning of the 1973 war and is capable of defeating any combination of Arab forces rallied against it. This is partly a result of a concerted programme of re-armament with U.S. help and partly because the Arab states are clearly at odds with one another. But the bus raid in March north of Tel Aviv by Palestinians who had landed by sea again brought home to Israelis in gruesome terms that their existence in the Middle East is still not a generally acknowledged and accepted fact by their Arab neighbours.

Unexpected

These devolpments come at a time of unprecedented and unexpected events in Israeli politics both at home and abroad. First, there was the general election of last May. The electorate turned against the Labour Party, which has dominated politics since the formation of the State in 1948, and permitted Mr. Menahem Begin, with the belated help of the Democratic Movement for Change, to form a Government after nearly three decades in opposition. One of the immediate attractions of Mr. Begin's style was that after the obfuscations of Labour policies he appeared to offer a clear and candid sense of direction, even if some people were appalled by his calling the "administered" territories "liberated" rather than "occupied."

The popularity which this decisiveness evoked was further enhanced by the second and crucial factor—the historic visit of President Anwar Sadat to Jerusalem last November. The importance and lasting effect of this visit cannot even now be overestimated. Mr. Sadat through this unprecedented action did what Israel had always said an Arab leader would never do—travel to Israel's capital and hold public and direct talks with Israeli leaders. Indeed, the mere fact of the visit suggested that the ire of Israel's most powerful Arab foe was not implacable. Mr. Sadat both "welcomed" Israel to the Middle East in his speech to the Knesset and acknowledged that Israel had a security problem of which notice would have to be taken. As Mr. Abba Eban, the former Foreign Minister, wrote last month in The Jerusalem Post, "For the first time the Arab world was authoritatively presented with a picture of the Middle East that included Israel as a permanent and legitimate reality."

The momentum of that initiative has sadly been lost. With hindsight there was a hint that this might be the case, for it is openly acknowledged that Mr. Begin, a gifted orator, failed to respond in his Knesset speech to the possibilties to which Mr. Sadat opened the way. And in the next stages, notably the Christmas Day talks between Begin and Sadat at Ismailiya on the Suez Canal, it was clear that deadlock was likely. This remains the situation, although an Israeli military mission is still in Cairo ready to continue negotiations on security.

The psychological impact of Mr. Sadat's visit has not evaporated, particularly among parents who for the first time saw a chance that their children might not have to fight a war against the Arabs. But opinions are shifting as to why the Sadat visit has not produced results. Mr. Sadat is notably criticised for assuming that the act of visiting Jerusalem should have been enough. As Mr. Eban has written: "If he is correct in his estimate that he (Sadat) has solved 70 per cent. of the problem by his voyage to Jerusalem, the question remains: what about the other 30 per cent.? A bridge that is 70 per cent. built may be an impressive landmark, but it is not something on which anybody can travel."

The point which Mr. Eban raises is fundamental, and that is that there are certain points on which there is almost total national consensus — whatever the politics of the Israeli Prime Minister. The first is that there should be no withdrawal to the pre-1967 war lines; second that there should be no negotiations with the Palestinian Liberation Organisation, which Israel regards as being a terrorist organisation and unrepresentative of the Palestinians themselves: and third that there should be no Palestinian state set up on the West Bank of the Jordan.

For Israel, a major limitation to President Sadat's position was his inability to speak convincingly for the Arab states whose land was occupied by Israel. Mr. Sadat could have had a bilateral agreement with Israel with little trouble. Indeed Mr. Begin was criticised for offering too much in terms of Sinai. The stumbling block was the West Bank (or Judea and Samaria).

On Mr. Begin's side, the limitations are, if anything, more fundamental. He is torn between following the historical inheritance of Herzl, Jabotinsky and Ben Gurion and being the leader who brought Israel peace, and between not wanting to be the leader who, in ceding Judea and Samaria, gave up part of Erez Israel.

It was in this context that the entitlement of Jews to establish settlements in the occupied territories as of historical and religious right was confirmed—and after the ditherings of the Labour Government to many Israelis stated with refreshing candour. But predictably these moves were taken by the Arabs as evidence that Israel had no intention of withdrawing from the West Bank, which with its Palestinian connections remains the heart of the conflict. Nevertheless, Mr. Begin, in offering the inhabitants of the West Bank and the Gaza Strip administrative autonomy and the choice of Jordanian or Israeli citizenship, has moved from his earlier apparently intransigent position.

The problem is that in the process he has given the impression that this is not just a negotiating position but a final and generous offer. Simultaneously, the circumstances under which some settlements were established (notably the presentation of that at Shilo as an archeological excavation) gave the impression that Israel had hardened its position on withdrawal. This was further compounded by the suggestion — since partially cleared up through a contorted statement by Mr. Moshe Dayan, the Foreign Minister—that Israel no longer accepted UN resolution 242, which, among other clauses, calls for the "withdrawal of Israel armed forces from territories occupied in the recent conflict" of 1967. Apart from angering the U.S., Israel's closest ally, this management of foreign policy had caused confusion in its own ranks, and, following Mr. Dayan's statement that "we say that (242) applies to Jordan," the Jerusalem Post commented that "Dayan's interest in giving a positive upbeat to the Foreign Ministry's information campaign stems to some degree from his realising that Israeli diplomats were often baffled when they tried to explain the Begin Government policy on the West Bank."

At the same time, it is increasingly felt in Israel that American support is not as committed as in the past, in spite of the efforts of the powerful Jewish lobby in Congress. This is clearly not the case in material terms, for the U.S. aid contribution to Israel's economy and armed forces is crucial. But there is a strong sense in Israel that its position and image in the U.S. has been eroded.

The invasion of South Lebanon was a case in point. Politically retaliation was required after the Palestinian bus raid. In a technical sense the invasion may have been sucessful — Unifil permitting — in blocking off the last area on Israel's border from which Palestinian guerrillas could operate against Israel with some impunity. But the size of the operation has been likened to a sledgehammer aiming for a nut—and missing, for comparatively few Palestinians were killed or captured. In addition, in the U.S., some of the scenes of the fighting and the large number of Lebanese refugees created were likened to American experience in Vietnam. Apart from the disagreement with the U.S. over whether Israel had the right to use cluster bomb units in such a military operation, there was an ironical side effect in that an element in deciding wether Israel can withdraw to permit Unifil to patrol the area has been to obtain the agreement of Mr. Yasser Arafat, the PLO leader, to attempt to control the Palestinian forces in South Lebanon.

As a result the feeling has been building up in Israel that Mr. Begin, steeped as he is in Jewish history and understandably marked by the loss of his family in the holocaust, is letting slip a unique opportunity for peace with the Arabs. This is symbolised by the growing strength of the Peace Now movement, which started with a letter to the Prime Minister from some 300 reserve officers, among whom were numbered not left-wingers but such men as Yuval Neriya, an ex-captain and one of the handful of men to have been awarded the *Itur Hagrura*, Israel's equivalent of the VC.

"Our idea," Neriya has said, "was to show the Prime Minister that he did not have the nation behind him when he refused to negotiate over Judea and Samaria to get peace." He summed up succinctly the heart of Israel's dilemma when faced by the possibility of peace. He went on, "We also wanted to show him that we, the combat soldiers, would be placed in a very difficult moral position if the chance to achieve peace is lost and another war breaks out . . . If we have to fight again, we have to be sure that everything possible has been done to avoid war and get peace, that there is really no alternative."

Monument

The State of Israel stands, however, as a monument to counter these doubts. In spite of the disparate backgrounds of Israel's immigrants there is an established sense of statehood which is far more deeply rooted than Israel's enemies are prepared to concede. Inevitably in the distant event of peace, Israel (like the Arabs) would have to find a new focus of nationalism other than that of the threat from outside. The theory runs that without the Arab threat the fissiparous nature of Israeli society would take over and lead to a gradual break up of the State.

But this ignores how physically established Israel has become with its thriving democracy, its bustling cities, its social services and agricultural skills, its cultural institutions and extraordinary economic activity for a nation of only 3m. or so inhabitants. Above all, it has perhaps the most battle-hardened and effective armed forces in the world. And yet after 30 years, the most treasured prize—the acceptance in spirit as well as word by its neighbours — remains elusive and the key to Israel's self-doubt.

The political debate

A YEAR after its shock election victory the Government of Mr. Menahem Begin appears to have established itself firmly despite mistakes in its domestic policies and its apparent inability to grasp the opportunity for peace offered so dramatically last November by President Anwar Sadat of Egypt when he visited Jerusalem.

Though he came to power because of public disgust with the scandal-ridden Labour Party which had ruled since the foundation of the State in 1948, it is foreign policy which has presented Mr. Begin with his greatest triumphs and his greatest trials. The latter even included an unsuccessful challenge to his position by his own Defence Minister, Mr. Ezer Weizman.

The victory in the general elections last May by the Likud block was no ordinary replacement of one group of politicians by another. It was an enormous psychological shock in a country which one Likud Knesset member described as a place where "it seemed God had destined Labour to rule forever."

The greatest domestic achievement of the Likud Government has been to maintain national stability despite the unprecedented shift after three decades from Labour-Socialist to Nationalist-Liberal rule.

The new Government's attempts to reform the economy have met with limited success. Despite introducing a "new economic policy" based on floating the Israeli pound and liberalising currency regulations, inflation still runs at about 40 per cent., exports have failed to rise, and labour strife continues to disrupt daily life.

But the Government was given plenty of credit by the public, which was relieved to see the fall of the dull, divided incompetent and at times corrupt Labour Party.

While the Government's policy of demonstratively expanding the number of Jewish settlements in the occupied Arab territories may have angered and alienated Israel's supporters in the West, it did little harm to its popularity at home.

Before the honeymoon could end, Mr. Sadat made the first genuine and unmistakable peace offer Israel had ever received from its enemies, with whom it had fought four wars in three decades.

The Egyptian leader's visit to Jerusalem sent the popularity of the Government, and especially Mr. Begin, soaring. This de facto recognition of the State of Israel by the leader of the country's most powerful enemy was a triumph for the Prime Minister and appeared to confound all his critics, who warned that his hard line policies could only lead to another war.

Watershed

Mr. Sadat's visit not only changed the Middle East scene radically but also became a watershed in Israeli domestic politics. The Egyptian leader may have boosted Mr. Begin's prestige, but he also went out of his way to praise the chairman of the opposition Labour Party, Mr. Shimon Peres. As a result Labour, which had fallen into paralysis after its uncontemplated defeat, began to revive.

As the months passed and the peace negotiations appeared to grind into deadlock, domestic criticism of the Government grew. The Labour Party began to launch scathing attacks on the parsimonious response of Mr. Begin to the grand gesture of Mr. Sadat.

It was at this point, too, that voices of concern began to be heard within the Likud block, especially among the Liberal Party whose decade-old political marriage of convenience with Mr. Begin's nationalistic Herut Party has not eliminated the major differences of temperament between the two.

The most outspoken expression of this concern was made by Mr. Weizman, who nominally belong to Herut. At what appeared the nadir of both Israel-Egypt and Israel-U.S. relations he issued a public call for the creation of a "national peace government." This obviously meant the creation of a wider coalition which would include the Labour Party.

As it was quite clear that Labour would not join such a coalition on Mr. Begin's platform, this was interpreted as a public call on the Prime Minister either to change his policies or to step down.

The politically astute Premier, ably assisted by Mr. Moshe Dayan, the Foreign Minister, easily defeated the challenge. The outcome appears to have been a strengthening of both Mr. Begin and the Government as currently constituted.

Because he was hospitalised by a heart attack before last year's election, and revisited hospital a few times since, there is a continuing question mark about Mr. Begin's health. However, if illness does not force him to retire, he appears to be safe from challenge for the time being.

When his block won the largest number of seats at the May general election, Mr. Begin moved swiftly to grasp the opportunity which he had waited for during 29 years in opposition. In less than a month he put together a coalition commanding 63 of the 120 seats in the Knesset (parliament). Joined to the 45 seats of the Likud were 16 members of two religious parties as well as Mr. Shmuel Flatto-Sharon, a wealthy French Jew who had sought election to dissuade the French authorities from pursuing their demand for his extradition to face investigation of his financial affairs. It was a slim but workable majority.

The real and unwitting architect of Mr. Begin's victory was a new political party called the Democratic Movement for Change. It had been formed under the noted archaelogist, Professor Yigael Yadin, by a group of people dissatisfied with the Labour Party. Their hope was to win enough seats to hold the balance of power, and then force reforms on the Labour Party as their price for joining a Labour-led coalition.

The ideological purists of the DMC won 15 seats in a massive protest by labour supporters. But labour's losses, from 51 to 32 seats, were greater than anticipated, and this left the way open for Likud, which had improved its position slightly, from 39 to 43 seats. Likud gained two more seats when 1973 war hero, Mr. Arik Sharon joined his independent list with Herut.

Pivotal

Robbed of its hoped for pivotal position, the DMC finally joined the coalition four months later on terms dictated by Mr. Begin. This required compromises of its platform which lost the party much of its credibility. From having won 12 per cent. of the vote a year ago, public opinion polls show the party would win only 2 per cent. support if elections were held to-day.

The Labour Party was in a catatonic stupor after the defeat. It had been rent by pre-election infighting, and then shattered by the forced resignation of the Prime Minister, Mr. Yitzhak Rabin, over a bank account held illegally in America by his wife (ironically this would now be legal under the terms of the New Economic Policy). For months the party appeared incapable of any action. Totally unused to opposition, its members even appeared incapable of criticising the Government.

It had a brief moment of revival when it contested the Histadrut Labour Federation elections a month after the general elections. A mass turn-out by grass-root supporters who had been dormant for years enabled Labour to retain its control of the Federation.

But it is only now, in the dawning realisation that the chance for peace offered by President Sadat may be slipping away, that the party is coming alive. Mr. Peres has moderated his right wing tendencies in an effort to hold together the warring factions within the party and to retain the alignment with the more left wing Mapam Party. He has also to try to recreate an ideology for a movement which drifted far from its socialist roots during the decades of power.

The emergency of the popular protest movement, Peace Now, which is calling on the Government to be more flexible in the peace negotiations, underlines the fact that Labour has not yet found its ideology. The public opinion polls show that while Labour has been regaining some of its lost popularity, it is still scoring lower than Likud, which has been slipping from its peak popularity in November-December.

The state of the peace negotiations and Mr. Begin's health appear to be the central factors in Israeli politics to-day. An irretrievable failure of the peace process could lead to serious disaffection against Mr. Begin's policies within the coalition. If ill health forced him to step down then, the Likud will lose its single most unifying factor, the forceful personality of the Prime Minister.

Either or both these events could lead to realignments among the parties, and Mr. Weizman might yet see the creation of a national peace Government combining all the centerist elements. But barring such major developments, the Government appears set to rule at least until the next general elections, at the end of 1981.

David Lennon

Living beyond its means

ON OCTOBER 28 last year, the Government of Mr. Menahem Begin announced what is officially (and somewhat over-grandly) called the New Economic Policy (NEP). As in other areas of government, it was an attempt to impose his own party's imprimatur, in this case on the running of the economy after nearly three decades of Labour rule. Its broad aim—by an irony not dissimilar from President Sadat's in Egypt—is to liberalise the economy and to reduce the size of the public sector.

The limitations of the NEP are similar to those in the political sphere—ones of inheritance. Any Israeli Government finds itself cramped by the need to confront three main problems—the balance of payments deficit, inflation, and the size of defence spending. At this stage it is too early to assess what the NEP has achieved. Certainly some fears—the depletion of foreign currency reserves, the flight of capital during a political or economic crisis, damage to exports, or a rise in unemployment—have not been fulfilled. But it is fairly certain that the NEP will not be able this year to keep inflation much below last year's level of 42.5 per cent. or to keep the budget deficit within the limits originall planned. In other words, Israel will be continuing to live, as it has since it became a State, beyond its means.

The reform had three elements. First, foreign currency controls were loosened through the abolition of most restrictions on Israeli citizens, and of all those on foreign residents. Second, export incentives and import levies were abolished and a single exchange rate for the Israeli pound introduced. Third, in place of frequent, government-determined small devaluations against a basket of the currencies of Israel's five major trading partners amounting to about 2 per cent. a month, the Israeli pound was allowed to float. Besides attacking Israel's chronic and immediate economic troubles, the NEP aims in the longer term at reshaping the structure of the economy by reducing the size of the public sector, shifting manpower from services into industry, and by putting trade on to a more realistic basis.

The NEP will undoubtedly stimulate growth in the economy after some years of near stagnation. Between 1971 and 1972 the GNP grew by 10 and 12 per cent., slackening to 6 per cent. in 1973 and 1974 under the impact of the energy crisis. In the last three years the real growth rate has been between 1 and 2 per cent. The hope is that growth rate may reach 4 per cent.

Instrumental in this deceleration of the growth rate has been the fact that fixed capital formation has declined by 14 per cent. in the last two years. The government decided to cut back the development budget as a means of restraining domestic economic activity. Thus since 1971, the proportion of government investment in resources allocated to gross investment fell from 20.8 per cent. to 15 per cent. last year. Nevertheless unemployment has risen only marginally from 2.6 per cent. of the labour force in 1973 to 3.9 per cent. last year. And in spite of this slowdown in economic activity a real rise in wages of 9 per cent. was recorded last year after two years of relative stability.

Parlous

On the delicate issue of balance of payments, on current account, Israel's position remains parlous but improving. The peak year of deficit was 1975, when one of $4.06bn. was recorded. This had declined to $2.56bn. last year. This deficit is made up of exports worth $3.39m. and imports of $5.42bn. (of which $940m. were defence imports). Imports have in fact remained remarkably steady, actually declining from the 1975 figure of $5.65bn., the non-defence imports in 1975 and 1976 being identical at $3.81bn., but rising to $4.49bn. last year. Exports have risen impressively—by 27 per cent. last year. Only last week Mr. Begin was saying in New York that he thought Israel's exports—aided by the NEP—would double this year.

Services have recorded also a steady deficit of $590m. in 1975, which had declined to $524m. last year. The view of the Bank of Israel—the central bank—is that a deficit on current account of about $1.5bn. is containable through the inflow of U.S. aid, West German restitutional payments and Israeli bonds. The estimate of the Bank of Israel this year is that the current account deficit will widen, largely because of increased defence imports, to $3.1bn. Transfers in 1977 totalled $2.01bn., resulting in an overall deficit against services and trade of $555m., considerably down on the deficit of $2.29bn. recorded in 1975.

BASIC STATISTICS

Area:	7,992 sq. mls.
P'lation (1976):	3.47m.
GNP (1976):	I£95.3bn.
Per capita:	I£26,892
Trade (1976):	
Imports:	I£45.6bn.
Exports:	I£36.7bn.
Imports from U.K.	£249m.
Exports to U.K.	£128m.
Trade (1977):	
Imports from U.K.	£274m.
Exports to U.K.	£159m.
Currency:	£=I£30.4

The government is acutely aware of its indebtedness. Mr. Begin, remarked earlier this year that "To-day, we are dependent on overseas aid even for our breakfast." And this is borne out by government statistics. Israel's external debt has risen from $9.28bn. in 1976 to $10.43bn. last year and is estimated by the Bank of Israel to reach $11.2bn. this year. In 1977 the main capital inflow (compared with anticipated inflow for this year) were: $2.08bn. of unilateral receipts ($2.36bn.), of which $1.02bn. ($1.28bn) was U.S. grant-in-aid, $525m. ($730m.) U.S. military grant, $480m. ($525m.) U.S. economic and technical aid, and $340m. ($350m.) personal restitution from West Germany. But essentially Israel does not have a debt repayment problem. According to the Bank Leumi, Israel's oldest and largest banking institution, the proportion of long term obligations remained — as they have for the last three years—at 82 per cent. of the total.

Short term obligations have fallen from 12 per cent. in 1975 to 7 per cent. in 1977, implying that short term debts have in recent years been replaced by medium term (between one and five years) indebtedness in recent years. The additional point has been made that as most of Israel's debts are measured in dollars (unlike its exports) it has actually benefited in real terms from the dollar's weakness. Debt repayment amounted to an estimated $755m. in 1977, and this is expected to rise to $1bn. this year, comfortably within foreign currency reserves, which totalled at the end of last year about $1.5bn.

In the short term the effectiveness of the NEP will be measured by its success in coping with inflation, which reached the level of 42.5 per cent. in 1977, compared with 30 per cent. the year before. Admittedly, Mr. Begin's government had a difficult inheritance in that during 1977, with an eye on the elections which he lost, the Labour government had awarded real wage increases of 16 per cent. to the public sector and 8 per cent. to the private sector. Following the promulgation of the NEP, cost-push factors had an immediate effect on the inflation rate. The Israeli pound was effectively devalued by 45 per cent., with an impact on private consumption one-third of which has an import component. The Government cut subsidies by 15 per cent. In addition, the controlled prices of public transport, gasoline, electricity, gas and water were raised, as was VAT from 8 to 12 per cent. As a result the cost of living rose by 11.8 per cent. in November, settled back to about 2 per cent. for the following months, but rose disconcertingly to 3.7 per cent. in March. If this rate was projected over the year it would produce a rise in prices of over 40 per cent.

Amongst demand-pull factors, money supply rose during 1977 by 39.1 per cent. (mainly during the first nine months of the year and compared with 27.1 per cent. in 1976), and the main cause of this increased liquidity was the public sector domestic deficit, which averaged £1.1.1bn. monthly between January and September (up nearly 80 per cent. on the previous year) and then declined significantly mainly due to the record sales of government bonds linked to the cost of living channelled through the commercial banking system in the wake of the NEP.

At the heart of the battle to control inflation lies the question of wages. So far both the private sector and the public sector (largely civil servants and municipal workers) have settled for two wage increases amounting to 12.5 per cent. from the beginning of the year to be followed by a further 2.5 per cent. on October 1. In addition they are to receive cost-of-living increments based on 70 per cent. of the consumer price index. Formerly these were paid semi-annually, but because of the immediate effect on prices of the NEP the first was paid on January 1, the second on April 1, and a third is to follow on October 1.

This system of wage increases and cost-of-living increments is an advantage in that it cushions Israelis against the erosion of the standard of living. However, at the same time it is a built-in inflationary factor. Furthermore, it is unfair in that outside is a large sector of the population, such as plumbers, electricians, builders, doctors and dentists who are largely self-employed and are able to earn large sums of undeclared income — in their own way creating further strong inflationary market demands.

The major failure has been in permitting the public sector wage rises similar to those of the private sector, for it was one of the NEP's main intentions to move towards restructuring the economy by luring workers away from services towards industry.

One result of this is that this year's budget is bound to overstep the deficit it had set itself. In part this is due to the fact that, the budget deliberately does not contain an allowance for wages so as not to encourage wage claims. The 1978 budget totalled I£182bn. (compared with I£141.2bn. in the revised budget of the year before) and officialy aims at "freeing the government from part of the financial burden of investment" and "curbing the real growth of government activity." Its proposed deficit is I£6bn. But it has been officially acknowledged that because of wage settlements the deficit may well reach over I£10bn. Inflationary pressures have in no way been helped by the printing of money which amounted to I£9.5bn. in the fiscal year 1977-78.

Allies

In addition to its own direct instruments, the Government has had two additional allies in its attempts to alter the shape of the economy. The first has been through the banking system. The activities of the Bank Leumi group, for example, show that loans issued to industry rose between 1976 and 1977

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Defence forces at the ready

ISRAEL'S DEFENCE FORCES have never been stronger, nor readier for war. There is no doubt within the General Staff that if war were to break out tomorrow, Israel would score the most crushing victory in the country's battle-marked history.

But it is not to-day that is worrying Israel's military leaders, rather the future. For they believe Israel's potential for military growth is limited both economically and in manpower, while the Arab potential for expansion is unlimited.

Israel's invasion of South Lebanon less than two months ago was an expression of supreme confidence in its military dominance of the region. But the fierce battle over the American three-nation package deal to supply war planes to Israel, Egypt and Saudi Arabia was the most open expression yet of Israel's concern about the possible balance of forces in the Middle East in the 1980s.

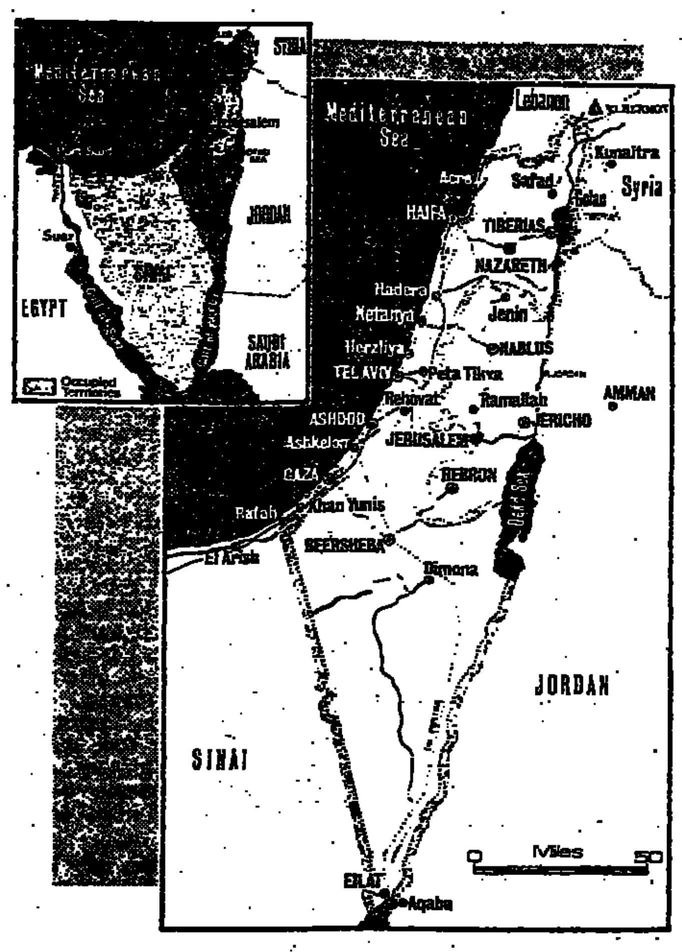
The recently retired Chief of Staff, Lt. Gen. Mordechai Gur, said in a valedictory interview that Israel's military strength has been growing faster than that of the Arab states. He claimed as one of his greatest achievements the re-equipping of the Israeli forces since the 1973 war to such an extent that the Arabs now know, in his words, that the risks in starting a war are greater than the possibility of a favourable outcome.

He is only one of many Israeli leaders who believe that it is this more formidable Israeli military power which persuaded President Sadat to launch his historic peace initiative in November. They believe that it is only from a basis of real military strength that Israel can persuade its neighbours to seek peace, and itself take risks in pursuit of peace.

Israel publicly acknowledges that its armed forces have grown 25-35 per cent. since 1973. American and other analysts believe the expansion has been much greater.

The massive re-equipping of the Israeli forces plus the growth in the size of the standing army have probably tilted the military balance more in its favour than ever.

Parallel with this is the apparent weakening of the Arab front. President Sadat's peace initiative has driven a rift deep within the Arab world, and makes less likely than ever the participation of Israel's most feared military enemy in any new round of fighting.



Threat

Israel has been stressing more and more the threat posed by the eastern front of Syria, Jordan, Iraq and, in recent weeks, Saudi Arabia. But even if together they could theoretically muster a much larger force than Egypt in the south west, this front clearly creates no major problem for the Israeli army as long as Egypt remains on the sidelines.

Israeli intelligence estimates give the eastern Arab front 4,200 tanks, 14 divisions and 840 aircraft. Israel has worked for many years on the belief that it must maintain a ratio of no more than three-to-one in the Arabs' favour if it is to survive in a war.

To-day Israel has 3,000 tanks and about 550 combat aircraft, according to the London-based Institute of Strategic Studies.

Clearly the eastern front does not have anything like the quantities of military hardware which Israel believes the Arabs would need to win any war against the Jewish state where the quality of both equipment and manpower is so overwhelmingly superior.

Israel is not convinced that Egypt has abandoned the military option, nor is it convinced that Egypt's level of military preparedness is lower than it was in 1973. It does concede, however, that the level is probably no higher. But the military in Israel also note that there has been an upgrading of the quality of Egyptian tank forces since 1973.

While acknowledging the problems of Egypt's airforce and ground-based air defence since severing relations with the Soviet Union, Israel believes that these problems are being overcome with aid from other countries.

The growth in the Israeli forces in recent years has been formidable in many areas, especially those where weaknesses were revealed in 1973.

The increase in the size of the tank forces from 2,500 to 3,000 involves, for example, a major improvement in the quality of these tanks.

The move into mechanised divisions has been dramatic. Israel has received 3,000 modern armoured personnel carriers to replace the old-fashioned half-tracks formerly in use and to build new strength in this area.

Foreign sources estimate that Israeli artillery has grown by 200 per cent., mostly through American supplies as the local producer has been experiencing a shortage of chassis for the manufacture of self-propelled guns.

The airforce has enjoyed a more than 25 per cent. growth in the number of aircraft, from 400 to about 550. There has also been a massive jump in the number of helicopters at Israel's disposal.

The navy has not lagged behind in development. In addition to the missile and patrol boats being built at the dockyards in Haifa, the navy also took delivery last year of three submarines especially built for Israel in Britain.

To match the increased size of the defence forces, Israel has had to widen the net of conscription. As most able-bodied men and women were already covered by conscription and reserve duty, the only way of finding additional manpower was by lowering the army entrance requirements so that people previously rejected could now be called up.

This solved the immediate problem of numbers, but also introduced a problem of quality. The intake of people with low educational attainments or from delinquent backgrounds has given rise to worries about the overall quality and motivation of the Israeli soldier.

However, this increase in the size of both the total armed forces under full mobilisation and the growth in the size of the standing army has made Israel an even more formidable military power in the region.

It was the expansion of the standing army which made possible the occupation of South Lebanon. This was the largest and most prolonged military operation undertaken by Israel since the 1973 war, and the first mini-war ever conducted by Israel without calling up the reservists. Only a minute number of specialists were brought in from the reserves for the invasion.

The ability to wage a limited war without disrupting the civilian life of the country is a totally new development for Israel. Whether this test was a forerunner of future actions is an open question. It is also doubtful whether even a limited operation against a regular army could be conducted with such ease as the operation against Palestinian units which followed the guerrilla handbook by withdrawing in the face of a superior enemy attacking force.

The Lebanese operation also taught Israel that the Palestine issue continues to be a problem, even given the Palestinians' low level of military ability. The civil war in the Lebanon forced the Palestinians to operate in larger formations than hitherto, and also gave them more battlefield experience. Intelligence sources admit that the Palestine Liberation Organisation has recently become more of a military as well as a political factor.

Another area of massive expansion of Israel's military capacity has been in the field of domestic arms production.

Figures are hard to come by, but a clear indication of the growth can be had from the export figures. Before the 1973 war exports averaged about $60m. a year, whereas last year exports were $320m. and it is hoped they will top $400m. this year.

From the pre-State days' production of ammunition for small arms, the military industries have passed through a series of developments which see it today employing 30,000 people, producing major weapons. Based on imported knowhow, and with sizeable domestic R and D input, the country is to-day producing its own Mach 2.3 warplane and missile boats. This year it is expected to start production of its own tank, the Chariot (Merkava) which places an especially high premium on crew safety.

Israel's planners believe that a small country in conflict with countries receiving weapons from a major power can never be totally self-reliant in arms production. But Israel is close to independence in some areas like electronics, and on the road to independence in others. The next target is the production of families of weapons systems.

Debating

Following the development of the Kfir (Lion Cub) fighter from a Mirage frame and utilising an American engine, Israel is now debating the development of the next generation warplane, already dubbed the Aryeh (Lion). Millions of dollars have already been invested in preliminary work, but a political decision is still being awaited on whether or not to go ahead with developing a prototype, at a cost currently estimated at close to $500m.

It is a very difficult decision, because development costs are enormous for a small country like Israel. But if the project is abandoned, then the Israel aircraft industry will stop its expansion and probably begin to decline. The high hopes for world sales of the Kfir have already been dashed by an American political veto, largely because it is powered by an American engine.

The major gap in the Israel arms industry is the production of engines to power modern jet fighters or even a modern tank. But there are no intentions at present to go into this field. Israel will continue to buy the necessary engies "off the shelf" from American or European manufacturers.

With major land, sea and air weapons being produced at home, Israel is less worried than before about dependence on fickle allies whose interests might change. With massive stockpiles it is also more confident in its ability to wage a prolonged war without needing emergency weapons airlifts from the U.S.

What it is worried about is the supply of western weapons to the Arab states. Israel believes that the superior western equipment will narrow the qualitative gap, thus enhancing the numerical superiority of the Arab armies.

Israel believes that the level of technological competence in the Arab armies is rising all the time. While they do not think it will match Israel's in the foreseeable future, rising ability will enable Arab soldiers to make better and better use of the weapons they are buying. It is because of this that Israel continues to argue about its need for even more advanced weapons in the 1980s, and against the supply of sophisticated western weapons to the Arabs.

In addition to technological advances, Israel's military leaders believe Arab buying power will enable them to amass quantities of weapons which will overwhelm by sheer weight of numbers the better trained and equipped but smaller Israeli forces.

The fear is that in a future war the Israeli soldiers and equipment will be exhausted in the battle against apparently unending amounts of Arab equipment. How to prevent or overcome this future danger is the main preoccupation to-day of Israel's defence establishment.

David Lennon

Economy

CONTINUED FROM PREVIOUS PAGE

from 28.6 to 30.5 per cent., while those for construction fell from 15.3 to 13.7 per cent. More spectacular has been the behaviour of the stockmarket and its role in soaking up excess liquidity and the Government's declared aim that it should be a source of capital funds. By November last year the boom which had started in the middle of the year before had ended. But during 1977 share prices doubled, with the turnover of securities reaching I£30bn., four times that of the previous year. The capital profit index of shares (with end 1976 as the base 100) showed a growth at the end of 1977 of 186 for all shares with finance and insurance shares (208) showing the greatest expansion, followed by preference shares (195), land and construction (164) and investment companies (157).

The room for manoeuvre of any Israeli government is extremely restricted. For example, two-thirds of the economy was bespoken in advance. The requirements of defence took £I54.4bn. (compared with £I41.1bn. in 1977) and the repayment of internal debt—both principal and interest £I59.5bn. compared with I£28.23bn. the year before—the first time that the latter has exceeded the former. This year's indebtedness has been blown up by the huge number of government floated index-linked bonds and is as such exceptional.

The defenceb urden inevitably depends on political circumstances. Even if a settlement was reached with the Arabs, security cautiousness would require a slow winding down of the defence establishment, and furthermore in terms of manpower and the build-up of the defence industry would mean that it would take time for its size (economically disproportionate in most other economies) to be scaled down.

Revised

There are three elements to Israel's defence expenditure. The first is in local currency. Under the revised budget figures this totalled £I54.4bn. in 1978 of which about £I24bn. was spent locally (or nearly 18 epr cent. of GNP). The second was in foreign currency, and this amounted to about £I30bn. The third is accounted for by the repayment of loans and credits in foreign currency. During 1977, estimates and real proportions grew considerably. Defence expenditure originally estimated at 17.2 per cent. of resources in fact rose to 23.1 per cent. The proportion of the state budget rose from 32.4 per cent. to 38.2 per cent.—a figure only slightly down on the previous year's calculations of 39.9 per cent. In 1978, proposed spending (which may have been affected already by the invasion into south Lebanon) will take up 14.8 per cent. of the GNP, and 29.9 per cent. of the state budget.

Earlier this year the IMF expressed its views on the NEP. It was enthusiastic about the liberalisation of trade and the general reduction of the role of the public sector. The danger areas it isolated were the questionable practice of printing more money and the approach towards wage settlements. Given the constraints imposed by defence expenditure and internal debts, wages and inflation remain the key problems. The NEP has immediately fuelled inflation. This has had secondary repercussions on wages and the cost of living.

It remains to be seen whether trade, under the impact of the devaluation and more competitive export prices, will improve. Certainly, the foreign currency reserves have grown. Mr. Arnon Gafny, the Governor of the Bank of Israel, said in mid-April that they ha drisen by $100m. in the previous two weeks and now stood at $1.49bn. (compared with $1.45bn. last October, according to the IMF), a considerable increase for a country whose reserves do not normally fluctuate by more than $10m. or $20m. a month. But although Israel's economy is generally and gradually improving, it has yet to be proved convincingly whether the NEP is capable of dealing with the long-standing structural problems — defence, external and internal debts, and wages— which have for so long dogged the country's prosperity.

Anthony McDermott

Fresh fields for farming

FOR MORE than two decades, Israel's agriculture as far as the outside world was concerned was almost synonymous with citrus. Only during the last ten years have such additional Israeli products as melons, avocado pears, celery, tomatoes, flowers, cotton and groundnuts left their mark on international markets. Yet even now, few outsiders realise the extent of the growth in production, its diversification and the high degree of sophistication applied. Many of the techniques and new strains developed in Israel could make a very sizeable contribution to the world's food shortage, particularly in arid or semi-arid areas.

A high level of agro-technical reserach and its practical application is a sine qua non for Israeli agriculture, which labours under two main handicaps—the limited amount of water at its disposal and, consequently, the fixed amount of land that can be cultivated. It is true that a large part of the Negev desert, which accounts for two-thirds of Israel's land area, has underground sources of water. But these are very deep, requiring substantial expenditure and outlay on pumping. Moreover, the water is brackish, so that it would have to be desalinated for many crops. This combination makes the cost of such water at present prohibitive. Only when solar energy techniques have been developed to reach the stage where the accumulated power can be used instead of costly imported oil will it be possible to farm those parts of the Negev. Even then agriculture will be possible only where the terrain is not too rocky and the top soil has not been washed away.

Nevertheless, thanks to the high degree of expertise and the application of modern technology, Israel's agricultural output has increased by a factor of 12 over the past 25 years. This compares extremely favourably with F.A.O. estimates for the Mediterranean as a whole of a doubling of production every quarter-century. This has made Israel 90 per cent. self-sufficient in this field, and agricultural exports already finance 75 per cent. of agricultural imports—mainly grains, fodder and beef, local production of which is limited by the shortage of water. In absolute figures, Israeli exports of fresh produce brought in almost $400m. in 1977 and are expected to rise to $500m. this year.

While citrus has so far retained pride of place as the single largest commodity despite the mercury scare, the combined total of other (non-processed) agricultural exports is about to overtake it. Citrus shipments from Israeli groves brought in $191m. in the 1976-77 season (which ended September 30, 1977), while the aggregate of other items came to $189m.

Foremost among them were cotton, groundnuts and seeds, with a combined total of $62m. (The area under cotton is to be increased substantially this year as a result of a shift away from sugar beet.) Next came fresh vegetables with $38m., flowers with $32m., avocado pears, subtropical fruit with $27m. and poultry products with $24m. All these categories will be expanded in the coming season (starting October 1) except, possibly, goose liver, demand for which has dropped significantly.

Overall, agricultural output is to continue to grow at the rate of 9 per cent. per annum, with the accent on export crops other than citrus. It is not intended to expand the area under citrus. However, old groves of doubtful profitability will be planted with new varieties as a result of a large-scale hybridisation programme with clementines and mandarins, involving the crossing of some 20,000 plants, according to the Ministry of Agriculture.

Streamlined

Marketing is to be further streamlined. Agrexco, the company which concentrates on shipments of fresh produce other than citrus, will increase the proportion of air-freighted consignments and step up maritime sailings. It expects to export, in the 1978-79 season, 240 000 tonnes of vegetables, flowers, livestock, and the export of poultry products (against 185,000 tonnes in the current season) are expected to reach 360,000 tonnes by 1982-83.

A great deal of attention is being devoted to prolonging the shelf life of produce. Hebrew University scientists have already come up with a strain of tomatoes which doubles their present shelf life and are experimenting with strains which are to keep firm for up to 3-4 weeks. Yields are being raised. Those from strains now being cultivated range from 20-24 tonnes per acre in open fields up to 120 tonnes in hothouses in the Negev and Northern Sinai. Simultaneously, ways are being sought to reduce labour costs. Kibbutz Yotvata, near Eilat, is cultivating a specially developed strain of table tomato that lends itself to picking by machinery designed for the purpose by the Ministry of Agriculture. Hitherto, only tomatoes intended for industry could be picked mechanically, for fear of bruising. Kibbutzim in this area are also growing special strains of melons, cucumber and capsicum, as well as industrial crops with supplies of brackish water hitherto considered far too saline for this purpose, and all this in open fields during the winter months. New types of greenhouses, of glass and plastic, are being tried out everywhere and are already being exported together with know-how.

Israel has the advantage of a farming population not fettered by centuries of tradition and hence willing and eager to experiment, with the kibbutzim in the forefront both in adopting new crops and in developing new types of machines and gadgets. Although the population of the kibbutzim constitute only 3 per cent. of the country's population, they account for 50 per cent. of Israel's agricultural output (plus 6 per cent. of its industrial production other than diamonds). They are working in close co-operation with the various universities and institutions engaged in agronomic development.

An interesting experiment is being carried out by the University of the Negev with a double-roofed greenhouse located in the desert. A weekly truck brings barrels of sea water which is pumped on to the lower glass roof where it evaporates and condenses on the upper roof as a result of solar radiation. The distilled water is funnelled off for irrigation, while the remaining brine is returned to the "dirty" tank for re-circulation. While the system is not yet economic because of the cost of pumping by diesel generator, the day seems nearer when solar-powered pumps could take over.

But Israel's biggest contribution to increasing yield per given unit of land and water is the introduction of drip irrigation, not only in greenhouses but in fields, in the first stage for crops with a high cash yield, for example off-season fruit and vegetables. Drip irrigation was originally introduced to save water by concentrating its supply at the roots of the plants. But the method, whereby a controlled flow of water/fertiliser mixture is fed through holes in polyethylene pipes direct to the individual plant instead of scattering it over the whole field or orchard, resulted also in considerably higher yields and better quality. This was because plants were found to thrive better on a continuous small flow of moisture rather than periodic heavy doses.

A further breakthrough now appears on the horizon. The four producers of drip irrigation equipment (all kibbutzim) are about to come out with lower-cost versions which may also be cheap enough to permit application of the method to such field crops as cotton, maize and sorghum. Initial field trials have indicated higher yields, for example of 66 per cent. for maize, and capsicum, and of 20 per cent. in vineyards. This, together with the saving in water and labour (the systems can be computer-controlled) may make it economic despite the relatively high initial investment.

At the same time, new crops are being introduced, such as the Mexican jojobe plant which can thrive in arid areas. Its seeds contain 50 per cent. of fixed wax for use, *inter alia*, in cosmetics and fine lubrication and as a replacement for sperm oil.

The introduction of new strains has been spurred by a special tissue culture laboratory at kibbutz Hanikra, near the Lebanese border, which is probably also the only place to grow bananas by hydroponics.

The laboratory does mass propagation of plants with singular and outstanding characterisics, including removal of virus, fungi and bacteria by meristem techniques, and storage of clones when desired. While there are several such laboratories outside Israel, these tend to concentrate on the whole on expensive plants such as new varieties of orchids. Kibbutz Hanikra, on the other hand, is also handling industrial crops, ranging from potatoes to onions, yams, taro, lychee, pineapple, deciduous fruit, sugarcane and virus-free citrus budwood. The rapid multiplication and resultant rapid cultivation of subtropical plants found best suited to local conditions will add still further crops to the Israeli farming picture. The laboratory itself expects to do half a million dollars worth of export business this year, the third year of operation.

Lore Daniel

Diamond trade flourishes

ISRAELI diamonds continue to sparkle on export markets last year, despite unemployment in polishing plants abroad and sharp rises in the cost of uncut stones. Exports of polished gem diamonds from Israel last year exceeded the long-sought billion-dollar mark for the first time and, the industry has set its sights for 1978 at $1.5bn. (compared with a mere $5m. in 1949). While about half of the 41 per cent. rise recorded in 1977 was due to higher prices, the growth rate was still impressive, as was the net contribution to the country's foreign exchange earnings—$275m. The positive trend continued into 1978, with net sales in the first quarter of four months of $430m., as compared with $328m. in January-April 1977.

The growth pattern was reflected by the addition of 170 new members to the Israel Diamond Exchange, bringing the total to over 1,600 members, about 20 per cent. of them foreign companies. The smaller Diamond Club has grown to 400 members. The number of manufacturing enterprises has risen to 840 this year from 712 in 1977 (and this despite the closure of a few small plants, which had to rely on goods bought second-hand at substantial premiums). The number of production workers rose by over 10 per cent. to 15,000, making it a larger workforce than in Belgium.

Not that the year was an easy one for the diamond trade. The shortage of roughs proved a serious problem in meeting the ever-growing international demand. But determined efforts of dealers and manufacturers enabled them to obtain, both for current production and for stocks, supplies of almost all sizes and types needed to meet customer requirements. However, while Israel cuts about half of all gem diamonds sold by the De Beers Central Selling Organisation (CSO), direct supplies from the Central Selling Organisation accounted for only 43 per cent. of Israel's imports in 1977, and for only 26 per cent. in dollar terms (or 32 per cent. in carats), during the first quarter of this year.

Being thus dependent on large-scale purchases of "second-hand" supplies (that is supplies allotted to manufacturers who prefer to sell the stones at a premium rather than cut them themselves), the Israeli industry was not dismayed by the CSO's decision to impose a price surcharge of 40 per cent in April and 25 per cent. in May.

However, since prices for goods offered by the CSO this month are lower than the April levels, polishers who bought at the height of the boom at exaggerated prices, either for production purposes or for eventual resale, are now finding themselves in difficulties.

This applies mainly to some small enterprises who lack the capital to wait until the market has settled down. A number of small companies have suspended operations and laid off their workers and are trying to get rid of their roughs. This, plus the expectation that May prices would be lower, explains the fact that returns of roughs abroad last month came to $40m. However, the overwhelming majority of the industry is not affected, and Mr. Moshe Schnitzer, chairman of the Israeli diamond exchange, last week reiterated this conviction that the "capable and strong control of the situation by the CSO is the key to continuing success for the international diamond trade."

Decision

Nor do these circles seem unduly worried about the decision of Belgium not to permit the re-export of uncut stones allotted to local polishers. Stocks in Israel of roughs are large at present. A study just released by the Bank of Israel (the country's central bank) shows that—at fixed prices—Israeli imports of uncut stones in 1977 exceeded those of polished diamonds by $85m., while at current prices (before returns), the excess of exports over imports was a mere $87m. The survey concludes therefore, on the basis of last year's export performance, that stocks of roughs grew by about $137m. at 1977 prices.

The increased purchases reflected both expectations of a gradual devaluation of the Israeli pound, and of a shortage of roughs—but the premium prices paid in some sections of the industry were a major contribution to distorting the even flow of stones to the international processing industry.

Dealers and manufacturers were able to effect such large-scale purchases thanks to the extremely low rate of interest charged to export industries—6 per cent. The diamond trade currently uses nearly half of the £I17bn. (just over $1bn.) available for export finance, even though it accounts for only 33 per cent. of total exports, while the added value of around 22 per cent. is way below that of many other industries, let alone agriculture, where net foreign currency earnings are around 80 per cent. If prices of roughs continue to rise, the banks may well ask for greater participation in import/export financing by the diamond trade, both to reserve sufficient finance for other branches of industry, and as a hedge against a possible drop in diamond prices. Certainly the banks have been under some pressure to exercise more restraint in their lending policies.

However the 41 per cent. rise in the value of diamond exports last year was not paralleled by a corresponding rise in quantity, which increased only fractionally from 3,303,604 carats in 1976 to 3,355,620 carats in 1977. The same trend prevailed in Jan.-March this year, when exports increased in value by 34.8 per cent. but fell by 25 per cent. in terms of carats to 754,440. The same picture emerges from import figures for the first quarter of 1978—a 7.5 per cent. drop in carats to 2,663,273 as against a 65.5 per cent. jump in value to $342.5m. (as compared with Jan.-March 1977).

The fact that the Israeli industry traditionally specialises in small to medium-sized melees (100 to two stones per carat) has meant that there has been little negative market reaction to the price rises of the past 12 months. In fact, the extremely high cost of insurance for larger sizes is directing even the more wealthy buyers of jewellery to the smaller melees, which can be enjoyed by wearing rather than being only stored in a safe, it is stressed. The further shift to melees also increases the labour input, and thus the net foreign exchange proceeds.

The continued addition in Israeli plants of hundreds of new automated polishing machines, most of which have been developed and produced in England with practical aid from Israeli users, is considered another factor in helping the local industry to maintain its position.

Meanwhile, work is proceeding apace on a massive new wing to the 27-storey Diamond Exchange, on a plot adjoining the present Bourse, to which it will be connected by a bridge arcade. The structure will provide 800 new offices, most of which have already been purchased by Israeli and foreign diamond firms. It will triple the space available in the crowded existing 10-year-old Exchange, and provide a host of expanded and centralised services for the industry and the 1,000 foreign buyers coming here monthly. Since Israel is by now the world's largest producer and exporter of cut gem diamonds, it will play host, between May 21-24 to the joint world congresses of the World Federation of Diamond Bourses and the International Diamond Manufacturers Association.

L.D.

Industrial development

ISRAEL'S INDUSTRY has developed very rapidly over the past 30 years. Output has grown by a factor of 13 since 1950, while industrial employment grew only by 3.4, indicating a high level of mechanisation and automation. This has been particularly true for the past decade, which has also seen considerable diversification and increasing sophistication, particularly in the metal products, electronics, chemical, and plastics industries. The overall share of industry in the GDP last year reached almost 35 per cent., while the 302,500 workers employed in industry constituted 25 per cent. of the country's labour force.

The value of industrial production in 1977 totalled $11.2bn. The gross output per employee came to $37,000, of which roughly one-quarter went into exports. The stock of fixed capital per employee stood at $5.5bn. at the beginning of the year, or $18,100 per employee.

Although there was only a mere addition of 2 per cent. in the number of industrial workers and a mere 1 per cent. rise in the number of work days, industrial output rose by 5 per cent. in 1977. More important, whereas output for the domestic market increased by 4 per cent., that for export was up by 14 per cent., with the result that industrial exports soared by 30.9 per cent. to just under $2.6bn. fob net.

This figure was equivalent—at fixed prices—to 15 times Israel's sales abroad of industrial goods in 1948, the year the State was established.

It is hoped to increase industrial production by a further 7 per cent. this year and to reach a growth rate of 9-10 per cent. per annum before the end of the decade by encouraging investment, which is to reach $500m. in fiscal 1978-79 (an increase of 7 per cent. in real terms on 1976-77). Half this amount has been provided for in the State budget for the extension of loans and grants to so-called "approved enterprises" under the law for encouragement of capital investment. These loans and grants, available both for new enterprises and for expansion Projects, vary in size according to the location of the plant. But the general criterion is a sizeable contribution to exports from the prospective output. Already this year, industrial exports are expected to reach $3bn. and could be even higher were it not for the shortage of labour, successive governments having failed to shift manpower from services to industry.

The accent will therefore still be on more automation. In order to spur production and exports further, the Likud Government is trying to get the big companies to raise investment capital on the stock market. Indeed, the number of industrial share issues launched last year on the Tel Aviv stock exchange was four times larger than in 1976, but at present the market is still dominated by the issue of the financial institutions. For one thing, it takes time for companies to prepare a prospectus and, until recently, they were unable to deduct the expenses of going public for tax purposes.

Growth

The main growth areas now and in the years to come will be chemical and plastic products on the one hand; and metal products, engineering, electrical, electronic and transport equipment, on the other. Haifa Shipyards engages in ship-repairing and construction both for the Israeli merchant fleet and the navy, as well as for export. Israeli Aircraft Industries, in addition to having developed the country's first fighter jet, makes civilian aircraft for sale abroad (the Westwind executive jet and the Arava all-purpose STOL, which comes in both a civilian and military version for use in outlying areas). Truck and bus bodies as well as maritime containers are made locally.

The large basic chemical enterprises are complemented by numerous small plants producing, inter alia, specialised technical products of plastic materials, paints, pharmaceuticals, pesticides. In the engineering field, Israel specialises in desalination units and solar energy installations.

FORECAST OF OUTPUT AND EMPLOYMENT BY MAIN BRANCHES 1977-85

I£m. (1977 prices)

	Output 1977	Output 1985	Average annual growth rate %	Employment ('000) 1977	Employment ('000) 1985
Tobacco, food, beverages	23,470	33,400	4.5	40.5	44.3
Textiles, clothing, leather goods	13,700	25,150	7.9	62.7	76.6
Wood, paper, and printing material	10,190	17,500	7.0	40.3	50.8
Mining, quarrying and non-metallic minerals	4,720	9,400	9.0	14.2	20.6
Chemicals, rubber and plastic products	23,195	47,150	9.3	25.4	34.4
Metal, engineering, electrical, electronic and transport equipment	31,710	21,000	12.4	110.3	162.0
Total	117,500	235,800	9.1	302.5	400.0

Source: Ministry of Industry, Commerce and Tourism.

While there are one or two large firms, such as Soltam, which exported $75m. worth of military hardware and other metal products last year, the majority of enterprises are of small or medium size, contributing anything from $100,000 to $10m. to the country's balance of payments, with the products ranging from novel water filters to computer-controlled weighbridges, and from material handling equipment to jigs, dies and machine tools. The last category provides a striking example of the diverse structure of Israeli industry. There are three plants in the Nahariah area—north of Haifa, near the Lebanese border—engaged in producing hard-metal cutting tools. The largest, for which the investment company of the Israel Discount Bank provided the necessary finance, is exporting $5.5m. worth of such tools. Right next door is a wholly privately-owned firm, doing $1.8m. worth of export business annually, while another $1.7m. worth of tools are being produced by nearby Kibbutz Hanita—one of 200 industrial plants in Kibbutzim, which last year contributed over $100m. to the country's export trade. Despite their diverse financial structure, the three plants are co-operating with each one specialising in one particular section of the export market.

Use of the latest technology in the engineering and electronics field has enabled Israeli industry to penetrate the most sophisticated markets. Over 80 per cent. of Israel's industrial exports go to the developed countries, with Europe, last year, taking $1.45bn. of industrial goods and the U.S. a further $580m. out of a total $2.6bn.

The attention given to the electronics, engineering, chemical and science-based industries does not mean that other industries are neglected, but only that their rate of growth is seen as somewhat smaller than that of the former category. Diamonds will continue to be the largest single export item, but growth rates of well over 4 per cent. are also seen for the fashion and leather goods industry (which last year brought in well over $150m.) in addition to sales of yarn and cloth. The general trend over the past decade has been towards vertical integration, with the weight constantly shifting from yarn/cloth to finished high-quality fashion lines.

But exporters, as well as Israeli industry as a whole, are still trying to adjust to the new conditions created by the floating of the Israeli pound at end-October 1977 and the accompanying measures. Accustomed for years to fixed export premiums or "tax refunds" (which varied only in accordance with the net amount of foreign currency earned), and for the preceding two years to monthly devaluations of 2 per cent., producers were suddenly faced with the problem of an unpredictable rate for the Israeli pound (not to mention the fluctuations of the dollar, the currency in which prices for most Israeli industrial exports are quoted). Hardest hit have been industries with a large import component (with the exception of diamonds). Where as they used to pay I£11.50 per dollar for their imported raw materials and received anywhere between I£12.50-I£13.50 for their value added in dollars (with some plants in development areas getting an even higher rate), they were suddenly faced with a freely floating rate for both exports and imports (initially I£15, as of now I£16.40 to the dollar). With prediction of a further fall in the value of the Israeli pound till end-1978 ranging from I£18 to I£20, many producers are still trying to come to grips with the problem. Some companies claim that far from stimulating exports, the new economic policy is cutting into their profits due to the higher cost of raw material, as well as of other inputs. The logical result will be yet a further shift to industries based on local or locally produced raw materials or branches in which the import component is relatively low and expertise plays a major part.

L.D.

Tourism makes steady progress

MILLION tourists visited Israel last year, marking a pinnacle for an industry enjoying great natural and historical advantages, and many handmade disadvantages.

Israel appears to be a natural for tourism. It has religious sites holy to the three great monotheistic religions, virtually year-round sunshine, warm seas and long stretches of sandy beaches. But it also has frequent wars—four since the state's foundation—and Palestinian guerrilla attacks. Because of the hostility of its neighbours, tourists to Israel have to be attracted from Europe and North America, making it a relatively costly destination to reach.

During the early years, tourism was restricted to Christian pilgrims coming to visit the birth place of Jesus, or to a few Jews interested to see the rebirth of the Jewish homeland. To-day the number of such visitors has grown enormously and has been supplemented by the modern holiday-maker jetting in for his package of sun, sea and sand.

It is the combination of all these elements which gives Israel its great potential growth as a tourism centre. In addition, all the attractions are within relatively short distances of each other. It is only an hour's drive from the holy sites of Jerusalem to the hedonistic pleasures of Tel Aviv's beaches and night clubs. The visitor to Nazareth is only half an hour away from the Sea of Galilee, which is not only an historical spot but also a vacation centre.

Even in winter, the holiday-maker can combine his visits to the holy places of Christianity, Judaism or Islam with a trip to Eilat on the Red Sea, and enjoy warm winter sunshine unknown in the colder climes of Europe or most of North America.

These attractions have meant a great deal to Israel's exchequer. Tourism is to-day the country's leading net foreign currency earner. Income from last year's million tourists amounted to $430m.

Gross income from tourism made up 19 per cent. of services exported, and 8 per cent. of exports of goods and services combined. The industry provided employment for 50,000 people in its various branches. The main employers are the country's 293 hotels, with a total of 23,000 rooms.

The growth of tourism from 4,533 people in 1948 to 1,006,500 in 1977 was achieved in many mini-leaps upwards alternating with years of stagnation and even decline. The progress was determined primarily by events in the country and region, and more recently by developments in the world economy.

Boost

The war of 1967 gave tourism the biggest boost of all. It left Israel in control of all the historical Christian Holy Land and the Christian pilgrim traffic which formerly boosted Jordan's revenue from viistors. The military victory of 1967 also stirred the pride of Jews the world over and they came in unprecedented numbers to visit and share in the triumph. This brought an upsurge in tourism from 291,000 arrivals in 1967 to 432,000 in 1968. There was a steady climb of 11 per cent. per annum until 1973, and the expectations were that 1m. tourists would arrive in 1974. But war was to intervene again.

Apart from the war's blow to national morale and the creation of the fear abroad that Israel was not as safe from wars as had been thought, the concomitant oil price rise hit world tourism as western economies staggered under the economic strain. It was only in 1976 that the number of tourists visiting managed to surpass the numbers arriving in 1972.

The decline in tourism led to a slowdown in the development of tourist facilities, especially in the construction of hotels. As the industry revived in the past two years it rapidly emerged that the country was going to face a shortage of hotel rooms. The main shortage is in Jerusalem, where there are not enough hotels to meet demand. This has become a serious bottleneck and an inhibiting factor on growth. Many people prefer to put off their planned visit to Israel if they are unable to stay a few nights in Jerusalem, the focal point of tourism to the country.

The big international hotel chains are showing serious interest in expanding their operations in Israel. Both Sheraton and Holiday Inn are shopping around for new hotels to run but because of the inadequacies of the current law for the encouragement of investment, the response of investors is slow. It is hoped that once a new law currently in the Knesset is passed there will be a renewed flow of people prepared to put up their money with the assurance of the protection of their capital by the new regulations.

Drawback

An additional drawback has been the major shortage of trained manpower for the industry. So far the Government has refused to follow the practice of other countries by allowing the import of labour.

But the Government may alter its stance on this issue, just as it finally gave in to industry pressure to permit charter flights in the past couple of years. This has enabled the tour organisers abroad, especially in Europe, to offer less expensive package holidays in Israel.

Last year was the first full year of charter traffic, and 85,000 people took advantage of the new low rates. It is expected that the number will rise substantially this year and will continue to grow, bringing a new type of tourist to Israel who could never afford to come before.

The fears in some tourist circles at the beginning of the year—that with a 20-plus per cent. growth rate the country would be unable to handle the traffic—have been eased somewhat by the very same factors which have hampered tourism growth in previous years. The war in Lebanon, continued Palestinian terrorist activity and recent labour troubles with the national airline have contributed to slowing down the growth rate.

The projected rise in tourism this year was borne out in the first few months, but travel agents and hoteliers are becoming doubtful whether last year's million tourist figure will be surpassed by much, if at all.

But this has been typical of the industry's growth and may well have been its saviour because the slowdown in growth will give the country sufficient breathing space to build the facilities to handle the increase.

The industry is highly sensitive to economic and political developments, making long-range forecasting difficult. But the government planners are still convinced that though it may have taken three decades to reach the first million tourists the country should be hosting 2m. visitors a year by 1985. Given a relative degree of political and military calm their forecasts may well prove to be correct.

D.L.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Retail sales figures underpin stocks

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 10.

STOCK PRICES held steady with moderate profit-taking in the final hour restraining the market's attempt to make any real headway.

A factor lending support was a Government report that U.S. retail sales in April rose 2 per cent. compared with a 1.1 per cent. rise in February.

The Dow Jones Industrial Average rose 0.09 to $822.16 and the NYSE index rose 0.04 to 53.72. Volume rose to 33.33m. shares from Tuesday's 30.86m. Advances led declines 795 to 606. Transports rose 0.49 to 222.00 and Stocks put on 0.08 to 283.86. But Utilities shed 0.21 to 104.63.

Institutional investors, the driving force behind the recent stock market rally, apparently remained on the sidelines, awaiting new monetary policy developments.

Aerospace stock continued to advance on Boeing's deal with Singapore Airlines and a company statement of firm aircraft orders until the end of the first quarter of 1980. Boeing rose 50 cents to $49¼. United Technologies, which builds engines for jumbos advanced $1⅛ to $44⅞. McDonnell Douglas gained 75 cents to $54½ and General Dynamics picked up 75 cents to $54½.

A prominent gainer was Seven-Up which climbed six points to $46 bid in over-the-counter trading after Philip Morris raised its offer to $46 from $41 for each share. Philip Morris rose ⅞ to $64⅞.

J. Ray McDermott, another star performer, rose $2⅞ to $30⅞ in active trading. Heavily-traded American Motors moved up 25 cents to $5.

On the downside, Teledyne fell $1 to $97¼, after ruling out a stock split. Allied Chemical fell $2 to $42 after saying it had abandoned a North Sea well.

Prices rose on the American Stock Exchange in active trading. The Amex index gained 0.50 to 140.68.

OTHER MARKETS

CANADA — Canadian markets closed on a mixed note, with the Toronto composite index up 0.1 at 1091.9 and advances leading declines 260 to 214. Nine Toronto sub-groups were higher with Oil and Gas posting the strongest gains.

Among the largest gains, Livingston Industries added $2½ to $25. B. C. Packers "B" put on $2 to $49, Bow Valley $1⅞ to $29 and National Sea Products "A" $1½ to $24. Closing volume totalled 3,915,399 shares.

In Montreal, share prices were mixed with Banks and Papers higher and Industrials and Utilities fractionally lower. The composite index shed 0.02 to 185.27.

FRANKFURT — Share prices tended lower in nervous trading. AEG whose annual results are expected on Friday lost DM3.10 while BASF which announced lower first quarter group profits lost DM1.40. Siemens which announced higher consolidated net profit in the six months ended March 31 lost 80 pfennigs while Deutsche Bank and Mannesmann each lost DM1.70. VW fell DM1.60 and Thyssen eased DM1.10 while Babcock Ordinary shares fell DM3.10. However, Lufthansa Preference shares rose DM4 against the trend. Public authority bonds lost up to 40 pfennigs with the regulating authorities buying a nominal DM9.5m. of paper.

BRUSSELS—Belgian share prices were mixed to mostly lower in quiet trading with the index at its lowest point this year. Bruxelles Lambert, Asturienne, Vieille Montagne and Clabecq rose, while Intercom. Cockerill, Hainaut-Sambre, Wagons-Lits, GB, Solvay, Mosane and Andre Dumont fell. Union Miniere, whose annual report showed a fall in 1977 net profit, rose however by BFrs.8 to BFrs.788. Arbed fell BFrs.20 to BFrs.2,340. Petrofina was unchanged. American Petrofina rose, but Canadian Petrofina fell.

AMSTERDAM. Prices closed weaker led by Hoogovens among Dutch Internationals. Akzo firmed over one guilder following the announcement of a Fl.2.5m. first 1978 quarter net profit. Elsewhere, weak shares included Nedlloyd, Van Ommeren, KLM and OCE-Van Der Grinten. Most Insurances, Bijenkorf and Elsevier firmed.

PARIS. The market firmed in fairly busy trading after a hesitant opening, but the bourse index was unchanged. Cheaper money, the prospect of measures to encourage share investment and recent talks between the employers' federation and trade unions were all viewed as bullish factors.

Stores and Constructions were the strongest sectors, while most others were firm except Banks and Steels. Carrefour and Aquitaine both slipped lower. Redoute fell Frs 6 to Frs 572 and Peugeot-Citroen lost Frs 3.5 to Frs 369. But BIC, Phenix were firm. Thomson Brandt and Moet Hennessy each gained Frs 6 to Frs 194 and Frs 482 respectively.

ZURICH—Share prices advanced, with strong demand for Bearer shares. Crédit Suisse gained on its acquisition of the former White Weld participation in SA Financière du Crédit Suisse et de White Weld. Among leading Industrials Saurer Bearer firmed on the better order book position. Nestlé, Alusuisse and Sandoz were also firm issues.

MILAN—The start of trading was delayed an hour on Italian stock exchanges, as a mark of respect for the assassinated Christian Democrat leader, Sig. Aldo Moro. Prices firmed on a broad front in thin trading during a shorter session. Leading Industrials gained although ANIC was unchanged. Financials were also firmer. Assicurazioni Generali was steady in Insurances while Mediobanca was unchanged in Banks.

TOKYO—Share prices closed slightly lower in moderate trading, led by export-orientated issues. The Tokyo Stock Exchange index was slightly lower.

Electricals, Vehicles and Cameras were lower, while low-priced shares, including Textiles and Chemicals gained. Pioneer Electronics fell Y40 to Y1,830, TDK Electronic Y20 to Y2,070, Toyota Motor Y10 to Y976 and Canon Y11 to Y470. But some Textiles and Chemicals rose on selective buying.

JOHANNESBURG—Gold shares continued firmer in light trading following the higher morning bullion fixing. Heavyweight issues reflected gains of up to one Rand, while smaller-priced shares were 15 to 35 cents up. Mining Financials were mostly harder in sympathy with producers. De Beers gained 8 cents to R5.95 on mixed buying.

AUSTRALIA—A small cut in interest rates stimulated institutional interest, taking leading Industrials and Banks higher. The index was at its highest 1978 level in Sydney. BHP gained four cents to $A6.60, while in Banks, The Wales rose 10 cents to $A5.40 and the ANZ four to $A2.92. The National eased two cents to $A2.48 following a subsidiary's forecast of flat demand for consumer credit. CSR rose 6 cents to $A2.96, while Retailers ended mixed.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
J. Ray McDermott	443,600	30⅞	+2⅞
The Boeing Corpn	365,100	49¼	+½
Pan Amer	327,600	7¼	+⅛
Ramada Inns	292,200	5⅞	+⅛
Sears Roebuck	277,400	24⅞	−⅛
Allegheny Pwr. Sys	266,900	18	−⅛
Plug Research Cpn.	266,000	6⅞	+⅛
Gulf Oil	249,200	23¼	−⅛
Utd Technologies	244,800	44⅞	+1⅛
Amer. Motors Cpn	238,300	5	+¼

Indices

NEW YORK—DOW JONES

	May 10	May 9	May 8	May 5	May 4	May 3	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	822.16	822.07	824.59	829.09	824.41	828.83	844.55 (1/5)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.74	88.80	88.89	88.90	89.06	89.06	90.96 (4/1)	88.20 (9/3)	—	—
Transport	222.00	221.51	223.41	224.76	225.90	224.29	225.51 (1/5)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.65	104.84	105.48	106.65	105.01	105.12	110.98 (3/1)	102.84 (22/2)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	33,330	30,860	34,880	42,680	37,520	37,600	—	—	—	—

*Basis of index changed from August 24

Ind. div. yield %	May 5	April 28	April 21	Year ago (approx.)
	5.61	5.58	5.75	4.60

STANDARD AND POORS

	May 10	May 9	May 8	May 5	May 4	May 3	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
‡Industrials	105.96	105.92	106.23	106.64	105.92	106.27	107.92 (1/5)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	95.92	96.90	98.19	96.55	95.93	96.26	97.67 (1/5)	86.90 (6/3)	126.35 (11/1/73)	4.40 (1/6/32)

	May 3	Apr. 19	Apr. 12	Year ago (approx.)
Ind. div. yield %	5.02	5.14	5.36	4.33
Ind. P/E Ratio	9.18	8.94	8.56	10.37
Long Govt. Bond yield	8.39	8.30	8.34	7.71

N.Y.S.E. ALL COMMON

May 10	May 9	May 8	May 5	1978 High	1978 Low
53.72	53.68	53.82	53.97	54.36 (1/5)	48.37 (6/3)

Rises and Falls

	May 10	May 9	May 2
Issues traded	1,901	1,923	1,919
Rises	795	650	698
Falls	605	828	797
Unchanged	501	445	424
New Highs	113	85	175
New Lows	29	31	30

MONTREAL

	May 10	May 9	May 8	May 5	1978 High	1978 Low
Industrial	177.80	177.72	178.82	178.26	181.47 (17/4)	162.90 (16/2)
Combined	185.27	185.29	185.97	185.81	187.98 (17/4)	170.82 (30/1)
TORONTO Composite	1091.9	1091.8	1093.0	1091.4	1095.9 (3/5)	998.2 (30/1)
JOHANNESBURG Gold	197.5	194.5	192.8	194.4	218.7 (1/2)	185.0 (20/4)
Industrials	221.9	221.1	220.0	219.5	221.9 (10/5)	194.9 (14/3)

	May 10	Previous	1978 High	1978 Low
Australia (ᵃ)	461.32	479.32	461.32 (10/5)	441.42 (1/5)
Belgium (‡)	99.78	99.97	101.16 (6/5)	99.78 (10/5)
Denmark (**)	94.91	94.97	96.15 (3/1)	94.00 (6/2)
France (††)	66.8	66.8	69.7 (3/4)	47.5 (3/2)
Germany (‡‡)	770.4	772.2	813.1 (10/2)	765.0 (20/4)
Holland (§§)	80.2	80.6	82.1 (10/2)	76.0 (4/4)
Hong Kong (¶¶)	451.97	451.36	461.86 (3/5)	383.44 (13/1)
Italy (‖)	60.07	59.85	63.56 (6/3)	55.45 (10/1)
Japan (a)	410.80	411.10	416.11 (19/4)	364.08 (4/1)
Singapore (b)	306.85	306.05	306.85 (10/5)	262.0 (1/60)

	May 10	Previous	1978 High	1978 Low
Spain (d)	110.32	110.73	110.78 (9/5)	97.85 (17/3)
Sweden (e)	382.45	380.50	397.95 (3/5)	325.74 (8/1)
Switzerl'd (f)	291.7	286.0	296.36 (14/4)	278.0 (25/4)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961 (‡‡) Commerzbank Dec., 1953 (§§) Amsterdam, Industrial 1970 (¶¶) Hang Seng Bank 31/7/64 (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68 (b) Straits Times 1966 (c) Closed (d) Madrid SE 30/12/77 (e) Stockholm Industrial 1/1/58 (f) Swiss Bank Corp (u) Unavailable

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated: yields based on net dividends plus tax. ♥ Ptas 500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. ♠ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. w Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. △ Interim since increased.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. $2.60 to £—110¼% (110%)

Effective rate (1.8245) 47½% (46½%)

NEW YORK

Stock	May 10	May 9
Abbott Labs	60¼	59¼
Addressograph	21¼	21½
Aetna Life & Cas	38¾	39½
Corning Glass	51½	51¾
CPC Int'n'tional	48½	48¼
Crane	29½	29½
Crocker Nat	27	27
Crown Zellerbach	31¼	31¼
Johns Manville	31⅝	31¾
Johnson Johnson	74¾	74½
Johnson Control	32⅝	32⅛
Joy Manufactur'g	35⅝	35¾
K. Mart Corp	24½	24⅝
Revlon	45¼	44¾
Reynolds Metals	31⅞	31⅛
Reynolds R. J.	57⅛	56⅝
Rich'son Merrell	22⅞	22⅝
Woolworth	19¾	19¾
Wyly	5	4¾
Xerox	48¼	47⅞
Zapata	16⅝	16½

CANADA

GERMANY ◆

AMSTERDAM

COPENHAGEN ♣

VIENNA

TOKYO ¶

Source Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

SWITZERLAND ●

MILAN

AUSTRALIA

PARIS

STOCKHOLM

BRAZIL

Source: Rio de Janeiro SE.

OSLO

JOHANNESBURG

MINES

INDUSTRIALS

Securities Rand $U.S.0.73

(Discount of 36.50%)

SPAIN ▼

Pound firm

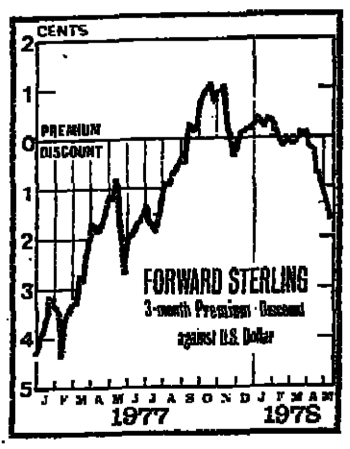
Good commercial demand for sterling prompted a firmer tendency in yesterday's foreign exchange market. Opening at $1.8125-1.8135 in terms of the U.S. dollar, the pound briefly fell away to $1.8110-1.8120 before moving up to around $1.8160 at lunch. Renewed demand during the afternoon pushed the rate further ahead in reasonably active trading and the pound closed at $1.8240-1.8250, a gain of 1¼c. On Bank of England figures, its trade weighted index improved to 61.5 from 61.3, having stood at 61.2 in the morning and 61.3 at noon.

The US dollar finished the day on or slightly above its weakest levels with little in the way of new factors to influence the market. Light selling developed during the afternoon although movements tended to be exagerated with the dollar moving within very narrow levels. Against the West German mark it showed a loss to DM2.0887½ from DM2.0955, while the Swiss franc improved in dollar terms to SwFr 1.9662½ against SwFr 1.9725 on Tuesday.

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 5.31 per cent. from 5.00 per cent., and its index on Bank of England figures fell to 90.0 against 90.3.

Forward sterling continued to widen reflecting uncertainty over a possible rise in MLR this Friday. The six-month discount against the dollar weakened to 3.30 cents from 3.23 cents in very active trading.

Gold rose $1 an ounce to $173¾-174¼ in fairly thin trading and improved during the day with New York showing a firmer tendency.



CURRENCY RATES

	Special Drawing Rights May 10	European Unit of Account May 10
Sterling	0.671261	0.675378
U.S. dollar	1.21948	1.22643
Canadian	1.36533	1.37505
Austria sch	18.3532	18.4234
Belgian franc	39.7152	39.9419
Danish krone	6.93152	6.97155
Deutsche m'rk	2.55103	2.56603
Dutch guilder	2.73042	2.74629
French franc	6.65290	5.68608
Italian lira	—	1066.41
Japanese yen	274.993	276.223
Norway krone	6.63580	6.67366
Spain peseta	98.8242	99.3702
Swedish krone	5.66144	5.69297
Swiss franc	3.40298	2.41735

EXCHANGE CROSS-RATES

May 10	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.087-088	46.03-13	6.415-422	3.80-81	95.40-50	106.15-30
New York	47.85-89	—	21.54-56	3.16-165	1.8240-50	44.74-77	50.76-77
Paris	21.41-91	4.629-641	—	14.222-256	8.409-429	206.85-7.45	235.00-60
Brussels	15.54-59	32.53-56	7.01-04	—	59.06-21	14.54-59	16.52-57
London	3.803-814	1.8240-50	8.44¼-45¼	59.30-40	—	4.07-08	3.56¼-59¼
Amst'dam	1.36.98-7.05	2.237-40	48.29-34	6.875-879	4.065-070	—	113.60-65
Zurich	94.073-161	1.965-967	42.404-454	6.037-045	5.580-583	87.919-8.02	—

U.S. $ in Toronto U.S. = 111.72-111.74 Canadian cents

Canadian $ in New York = 89.45-89.47 cents. U.S. $ in Milan 869.20-869.70

Sterling in Milan 1584.50-1585.50

EURO-CURRENCY INTEREST RATES*

FORWARD RATES

GOLD MARKET

	May 10	May 9
Gold Bullion (a fine ounce)		
Close	$173¾-174½	$172¾-173¼
Opening	$172½-173¼	$171½-172¼
Morning fix'g	$173.10 (£95.414)	$172.16 (£94.990)
Aftern'n fix'g	$173.95 (£95.551)	$172.70 (£95.295)
Gold Coins domestically		
Krugerrand	$179-181 (£98¼-99¼)	$176¾-178¾ (£97½-98½)
N'w Sov'gns	$53½-55½ (£29½-30½)	$53-55 (£29¼-30¼)
Old Sov'gns	$53½-55½ (£29½-30½)	$53-55 (£29¼-30¼)
Gold Coins (Internat'lly)		
Krugerrand	$178½-180½ (£98-99)	$176¾-178¾ (£97½-98½)
New Sov'gns	$53½-55½ (£29½-30½)	$53¼-55¼ (£29½-30½)
Old Sov'gns	$53½-55½ (£29½-30½)	$53¼-55¼ (£29½-30½)
$20 Eagles	$275¾-278¼	$276¼-279¼

FOREIGN EXCHANGES

May 10	Bank Rates %	Market Rates Day's Spread	Market Rates Close
New York	6½	1.8110-1.8250	1.8240-1.8250
Montreal	6½	2.0300-2.0425	2.0405-2.0420
Amsterdam	4	4.05-4.08	4.07-4.08
Brussels†	5½	58.90-59.40	59.30-59.40
Copenhagen	9	10.29-10.36	10.35-10.36
Frankfurt	3	3.78¼-3.81¼	3.80½-3.81½
Lisbon	18	81.50-83.00	82.30-82.50
Madrid	8	146.8-147.90	147.60-147.80
Milan	11½	1.575-1.586	1.585¼-1.586¼
Oslo	7	9.84½-9.91	9.89⅞-9.90⅞
Paris	9½	8.39-8.46	8.44¾-8.45¾
Stockholm	7	8.41-8.46	8.44¾-8.45¾
Tokyo	6½	405-412	409-411
Vienna	6½	27.15-27.60	27.37-27.47
Zurich	1	3.57-3.60	3.58¼-3.59¼

† Rates given for convertible francs. Financial franc 59.45-59.65.

OTHER MARKETS

		Notes Rates	
Argentina	1,401-1,405	Argentina	1250-1350
Australia	1.6043-1.6205	Austria	26.5-26.8
Brazil	31.03-32.03	Belgium	58¾-60
Finland	7.70½-7.71½	Brazil	33-38
Greece	67.187-68.832	Canada	2.03-2.04
Hong Kong	8.44½-8.47½	Denmark	10.25-10.35
Iran	125-131	France	8.35-8.45

Rate given for Argentina is a free rate.

FARMING AND RAW MATERIALS

U.S. beef import plan attacked

CANBERRA, May 10.

MR. MALCOLM FRASER, the Australian Prime Minister, said here that his Government would do all in its power to stop U.S. Senate legislation on beef imports from becoming law.

Mr. Fraser told Parliament he expected President Carter's commitment to cut inflation to prevail against the legislation when it came to using his power of veto.

The legislation would mean smaller imports of Australian beef, and higher prices for beef on the U.S. market. Australia's beef exports would be reduced by about 25 per cent.

The issue had been raised strongly with Vice-president Walter Mondale who was in Canberra on Monday.
AP-DJ

Setback for tin prices

By Our Commodities Staff

TIN PRICES fell on the London Metal Exchange yesterday reversing the recent sharp upward trend. Standard grade cash tin closed £120 down at £6,485 a tonne.

The market opened higher encouraged by another rise in Penang overnight, where sales again had to be rationed in the face of strong demand. But the higher levels in London attracted substantial profit-taking sales, which triggered further selling on the way down.

Le Nickel to cut output

PARIS, May 10.

Sources close to Le Nickel confirmed reports from Woumea in New Caledonia that the company has reduced its nickel output objective there for this year to 4,000 tonnes, compared with a capacity of 75,000 tonnes and production of 51,400 last year.

M. Yves Ramboud, general director of le Nickel, is in New Caledonia to discuss how the cuts can be made.

The reduction would probably be sought through cutting working hours.

The sources attributed the production cut to the low level of sales in the first quarter to the unusually low dollar price for nickel and to the franc exchange rate against the dollar.
Reuter

Sharp fall in cocoa market

BY JOHN EDWARDS, COMMODITIES EDITOR

COCOA PRICES fell sharply on the London futures market yesterday, ironically just when Ghana confirmed that its crop this season would be the lowest for 20 years.

Market sentiment was more affected by chart projections encouraging profit-taking sales by speculators in particular. In early trading there was sufficient manufacturer buying interests to hold prices steady. But once this was absorbed the selling pressure became too great and the market tumbled the premissible limit down near the afternoon close.

After a special call the July position eventually closed £53.5 lower at £1,871.5 a tonne.

The recent forecast by Gill and Duffus of a 99,000 tonnes surplus of production over demand this season, and hopes of a bigger Brazilian Temporao crop, appear to have convinced many traders that the fundamental supply-demand situation means lower prices in the months ahead once the nearby shortage eases.

But there is no doubt that the decline in the Ghana crop is causing considerable concern. The Ghana Cocoa Marketing Board confirmed yesterday that purchases of the 1977-78 main crop ended on May 4 with a total of 263,214 tonnes. This compares with a main crop of 309,758 tonnes in 1976/77.

Taking the mid-crop into consideration, total production for Ghana this season is forecast at 278,000 tonnes—the lowest figure since 1958 and less than half the peak production of 566,000 tonnes reached in 1964-65.

The U.S. Department of Agriculture yesterday issued a similar forecast of a decline in the Ghana crop to 275,000-280,000 tonnes. But it predicted that favourable growing conditions would enable the Cameroons to boost its production this season to 112,000 tonnes, compared with 84,500 tonnes in 1976-77.

U.S. lowers winter wheat crop forecast

BY OUR OWN CORRESPONDENT

THE U.S. Department of Agriculture has reduced its forecast of winter wheat production this year to 1.28bn. bushels. This is 40m. lower than its last estimate produced in December, and 242m. bushels or 16 per cent. below the 1977 winter wheat crop.

The expected surge in buying interest, however, failed to materialise. When Chicago grain futures trading opened wheat prices barely budged from their low levels around $3 a bushel.

Although the estimate came as something of a surprise—traders have been guessing lately between 1.32bn. and 1.33bn. bushels—liberal and widespread rain in the winter wheat regions has improved the condition of the growing crops and possibly raised yield prospects.

In its first attempt at assessing Soviet grain output this year the department says if the weather is good, production should reach 217m. tonnes—34m. tonnes more than the newly revised estimate of 183m. tonnes for 1977.

The department suggests imports will be between 12.5m. and 19.5m. tonnes compared with 19m. in the current season.

Output of wheat and wheat flour is estimated at 110.3m. tonnes if the weather is good and 89.7m. tonnes if it is bad. Production of coarse grains is forecast between 106.7m. tonnes and 93.3m. tonnes, again depending on the weather.

For China the department forecasts a new season crop of wheat and coarse grains of 118m. tonnes if conditions are favourable and 114m tonnes if not.

Both estimates show some improvement on the 108.8m. tonnes the department reckons the Chinese harvested last season.

● Reuter reports from Moscow that Mr. Bob Bergland, U.S. Agriculture Secretary and his Soviet opposite number Mr. Valentin Mesyats discussed increased technical co-operation in agriculture.

He also met Mr. Grigory Zolotukhin, Minister for Purchases of Farm Produce, and Mr. Nikolai Patolichev, Foreign Trade Minister.

Mr. Bergland plans to discuss expanding trade in agricultural products between the two countries.

Frost scare pushes coffee up

By Richard Mooney

THE BRAZILIAN "frost scare season" has got off to an even earlier start than usual this year. With the period of maximum risk still more than two months away rumours of a sharp fall in temperatures in the coffee growing areas started circulating in the London and New York Commodity markets yesterday.

Most professional dealers dismissed the reports as "far too early" and Brazilian coffee trade sources were quick to deny that there was any reason to fear for the safety of the crop. But futures prices still rose sharply and the July position on the London market climbed to £1,455 a tonne before closing £41 up on the day at £1,435.5 a tonne.

"There is absolutely nothing abnormal about the weather in southern Brazil as fas as temperature is concerned," one Brazilian trader declared. Others said temperatures were above 50 degress in most of the area, except for an isolated region on the coast.

The main problem with the Brazilian weather at the moment is drought, which is restricting the size of the coffee beans. This recently led to a cut of about 15 per cent. in local estimates of the country's crop.

The London coffee market moved higher yesterday even before the weather scare. This rise was attributed to fears of a shortage of nearby supplies for tendering against the May futures market position.

EEC raises sugar subsidy

THE Common Market Commission raised the maximum subsidy it is prepared to pay on sugar approved for sale to non-EEC countries at its weekly export tender yesterday.

Clearing the export of 52,250 tonnes of white sugar, compared with 54,100 tonnes last week, the Commission set the maximum restitution at 25 units of account a 100 kilos compared with 24.989ua.

Tunisia is due to hold a buying tender to-day for two cargoes of sugar. Trinidad is expected to hold a selling tender for 10,000 tonnes of raws to the U.S. on Friday, and on Tuesday Mauritius will tender 14,000 tonnes for sale to the U.S.

DANISH FISHING BLOCKADE

Skippers bitter at quota cuts

BY HILARY BARNES

COPENHAGEN, May 10.

COPENHAGEN HAS not been so effectively blockaded since Nelson drew up in line of battle in Copenhagen Roads in 1802 and blew the Danish fleet out of the water. But this time is is the Danish fishing fleet expressing disapproval of the Government's lack of diplomatic finesse in agreeing to fisheries quotas which are too small to provide the fishermen with a livelihood.

The ructions began last week when about 400 fishing vessels from the Baltic fleet, mostly from the island of Bornholm, massed in the port of Copenhagen. About 2,000 fishermen demonstrated outside the Folketing parliament building, demanding the resignation of Mr. Svend Jakobsen, Fisheries Minister, and calling for larger quotas and financial assistance.

Traffic

Last Friday they underlined their demands with a four-hour blockade of all the ferry ports linking Copenhagen and the island of Zealand with the rest of the world.

To-day, with about 1,800 vessels involved, they repeated the blockade, but it lasted for eight hours and hit 20 ports. All sea links with Sweden, Norway and both Germanies as well as internal ferry traffic were cut. The only important harbour not blocked was Esbjerg, the container port for traffic to the U.K.

Although the Baltic fishermen quickly received support from most Danish fishermen, their wrath is directed about equally against the Jutland fishermen of the North Sea fleet, the Government, the EEC, and the fisheries biologists.

The Baltic fishermen deeply resent the fact that the Jutlanders, themselves squeezed in the North Sea, have sent boats into the Baltic to catch fish which the Baltic fishermen regard as their due.

The Baltic fishermen's plight is exemplified by the reduction in their cod quota for 1978 to 47,000 tonnes (including a special extra 3,000 tonnes allotment in Swedish waters). Last year the catch was 74,000 tonnes. The fishermen fear that this reduction of their most important catch will mean that they are unable to meet mortgage payments on their vessels, which they usually own individually or in partnership.

The Bornholm fishermen are backed to the hilt by the rest of the island's population. With about 900 fishermen and another 1,100 employed in the island's fish processing industry, about 20 per cent. of the island's workforce is directly employed in the fisheries industry.

The cod quota for this year fixed by the Baltic Fisheries Commission is 173,800 tonnes, a reduction from 185,000 tonnes last year. Denmark's quota was reduced from 53,000 tonnes or 28.7 per cent. of the total to 43,800 tonnes or 25.2 per cent.

The Danes were able to exceed the quota by 11,000 tonnes last year, with fish caught in Danish coastal waters which did not come within the area covered by the Commission agreement. This year, however, all Danish and West German waters count as EEC waters and the Danes cannot boost their catch above the quota.

Sweden has promised the EEC, which is to say Denmark and West Germany, 3,000 tonnes of its 1978 quota. This will bring the total Danish quota to about 47,000 tonnes.

The Government, however, cannot do much for the fishermen. The quotas in the Baltic were fixed last year by the International Baltic Sea Fisheries Commission acting on the advice of biologists. The quotas were recognised by the EEC, which only this year assumed the negotiating competence for fisheries in the EEC's Baltic waters.

Biologists

Although the biologists from all coastal nations were apparently in agreement about the need to cut the catch in the Baltic, and especially the cod catch, the fishermen are convinced that stocks are ampl eand quotas far too small.

"The fish are dying of old age because we are not allowed to catch them," is one of the most quoted remarks attributed to the fishermen this week.

The Government has promised to call a meeting of the Baltic Commission in an attempt to obtain an improved quota and it is said that it will look at the distribution of existing quotas, speed up the work of a commission on the future of the fisheries industry, and consider temporary financial assistance.

This did not appease the fishermen, who demanded a positive response to their own demands by midnight last night as the price of calling off the blockade.

If the other countries agree to the Danish request for a bigger share of the catch, it is a fair bet that it will only be on the understanding that the Baltic nations, and more particularly Poland and East Germany, get as big a bite of the North Sea catch. This would naturally mean that there would be less fish for other nations in these waters.

So far the EEC has not reached even temporary agreements with the East European countries on fishing in each other's waters. One of the reasons for this is the West German insistence that the East Europeans must sign agreements which contain a reference to West Berlin status as part of the EEC.

Former Fisheries Minister, Mr. Niels Anker Kofoed, has warned that if Denmark tries to gain improved quotas in the Baltic through bilateral agreements with other nations it will threaten the entire EEC fisheries policy.

His argument is that Danish bilateral agreements with the East Europeans would set a precedent by which the U.K. would go it alone and ignore the requirements of the Common Fisheries Policy.

U.S. options compromise

WASHINGTON, May 10.

A COMPROMISE proposal exempting existing U.S. companies already in the options business from the proposed ban on option trading, has been adopted by the House agriculture committee.

The committee, which is drafting a Bill to extend the life of the Commodity Futures Trading Commission for three years, approved the compromise by 22 votes to one.

This is a different attitude to that adopted by the Senate Agriculture Committee, which favoured a ban of most option trading outright, until the CFTC proved to the satisfaction of Congress that it could police the regulations properly.

Under the House committee compromise proposal U.S. companies in the options business last Friday, who also deal in the physical commodity, could continue in business.

The compromise also provides for Congressional veto power. It stipulates that either the House or Senate could overturn a CFTC rule or regulation—but not an order—by adopting a resolution of disapproval within 10 days of issuance.

Mr. John Rainbolt, CFTC vice chairman, said that the compromise would give the Agency sufficient authority to set up a pilot commodity options trading programme if it chose.
Reuter

U.S. ORANGE CROP ESTIMATE RAISED

WASHINGTON, May 10.

THE U.S. Agriculture Department estimated orange production at 222m. boxes. This is up slightly from the April estimate but 9 per cent. less than last season reports AP-Dow Jones.

Spring potato production was forecast at 19.9m. cwt., up 1 per cent. from April but 13 per cent. below last year.

Strikers still delaying wool export shipments

SYDNEY, May 10.

ABOUT 140,000 bales of Australian wool for export are held up as a result of dockside industrial action, Australian Wool buyers Council director Mr. John Westmore said to-day.

The shipping situation is slowly improving but is still unsatisfactory, he added.

Meanwhile, shipping sources said impromptu industrial action is still hampering efforts to overcome the backlog of cargo resulting from go-slows and stoppages over the past month, particularly in Sydney and Melbourne.

Stoppages occurred in both ports this week, despite current negotiations between employers and dock unions on wages issues. Vessels are still suffering delays of ten days or more.

In Canberra, the Statistics Bureau said Australian wool exports dropped to 325.64m. kilos in the first seven months of the 1977-78 season to end-January from 503.59m. in the previous July-January period.

Breakthrough on seabed

GENEVA, May 10.

THE UN conference on the law of the sea has made a significant breakthrough on its thorniest issue.

Delegates from the U.S. and Canada, respectively the world's biggest consumers and producers of nickel, said they had agreed on fixed production ceilings for nickel from the sea bed.

They had been wrangling over the issue since the present sea law conference—in its seventh session here—started five years ago. Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Barely changed in quiet trading on the London Metal Exchange. Forward metal eased to £709 on the pre-market but then rallied to £715 in the rings following influential buying. This level attracted profit-taking, however, with the price dipping to £712 on the morning kerb. In the afternoon values moved narrowly and forward material ... that in the morning cash wirebars traded at £695.5, three months £713, 13.5, 14, 14.5, 15, 14.5, 14. Cathodes, three months £705, 5.5, 5. Kerb: Wirebars, three months £713, 13.5. Afternoon: Wirebars, three months £712, 11.5, 12, 14, 13.5. Kerb: Wirebars, three months £713, 13.5, 14.

TIN—Lower. Forward standard metal opened higher at £6,480 following the further rise in the Penang price, and moved ahead in the rings to touch £6,520. [illegible] Profit-taking then lowered the price to £6,450 on the morning kerb with the backwardation narrowing. In the afternoon nervous bull liquidation saw the price open at £6,440 and fall away to £6,350 before it recovered modestly to end at £6,370 on the late kerb. Turnover 1,835 tonnes.

Morning: Standard, cash £6,610, three months £6,490, 80, 90, 95, 90, 80, 90, 85, 80, 75. Kerb: Standard, three months £6,470, 65, 60, 55. Afternoon: Standard, three months £6,430, 40, 20, 10, £6,400, £6,390, 80, 70, 60, 50, 60, 80, 90, 95. Kerb: [illegible]

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars				
Cash	695.5-6	+1.5	694.5-5	—.75
3 months	714-.5	+3	713-.5	—.5
Settl'm'nt	696	+1.5	—	......
Cathodes				
Cash	685.5-6.5	+1.25	684.5-5	—.75
3 months	704.5-5	+2.5	703-4	......
Settl'm'nt	686.5	+1.5	—	......
U.S. Smt.	—	......	64	......

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	[illegible]	[illegible]	[illegible]	[illegible]
Standard				
Cash	6604-15	+14.5	6480-90	—120
3 months	6470-5	+10	6390-5	—55
Settlem't	6615	+15	—	......
Straits E.	$1697	+14	—	......
New York	—	......	557.5	—20.0

[illegible]

LEAD, ZINC, SILVER, COCOA, VEGETABLE OILS, COFFEE, GRAINS, SUGAR, RUBBER, WOOL FUTURES, SOYABEAN MEAL, MEAT/VEGETABLES reports and tables: [illegible]

COFFEE

Robustas broke upwards in greatly improved volume, Drexel Burnham Lambert reports. Chart buying fuelled by rumours of supply problems in African Robustas were the main causes of the rise. Local profit-taking at the close took values off the highs but the market still finished as much as 45 higher on the day.

[illegible]

RUBBER

EASIER opening on the London physical market. Little interest throughout the day, closing quiet. Lewis and Peat reported that the Malaysian godown price was 209 (210½) cents a kilo (buyer, June).

No. 1 R.S.S.	Yest'rday's close	Previous close	Business done
[illegible]	[illegible]	[illegible]	[illegible]

MEAT/VEGETABLES

[illegible] 10: G.B.—Cattle 69.73p a kg. l.w. (+0.42). U.K.—Sheep 165.0p a kg. est. d.c.w. (+10.1). G.B.—Pigs 63.3p a kg l.w. (—0.1). England and Wales—Cattle down 9.7 per cent., average price 70.15p (+0.43). Sheep down 9.7 per cent., average price 167.5p (+12.3). Pigs up 5.2 per cent., average price 63.3p (—0.1). Scotland—Cattle down 2.8 per cent., average price 68.8Sp (+0.49). Sheep up 0.8 per cent., average price 150.4p (+3.2). Pigs down 54.5 per cent., average price 64.8p (—0.9).

MEAT COMMISSION—Forecast rates of U.K. monetary compensatory amounts for the week from May 15 (previous figures in brackets): Fresh or killed beef carcases 38.43p a kg. (38.43). Green bacon sides £280.22 a tonne (£280.22).

COVENT GARDEN (sterling a package unless stated) — Imported produce: Oranges—Cypriot: Valencia Lates 20 kilos 3.40-3.80, 15 kilos 3.00-3.60; Jaffa: Valencia Lates 3.95-4.40; Egyptian: Valencia Lates [illegible].30; Texan: 3.20; Moroccan: 36's 3.20. Ortaniques—Jamaican: 5.50-6.50. Lemons—Italian: 100/120's 3.60-3.80; Spania: Small trays 35/50's 1.30-1.50. Grapefruit—Cypriot: 15 kilos 2.00-3.00; 20 kilos 3.20-3.80; Jaffa: 20 kilos 3.00-3.90; U.S.: Ruby Red 15 kilos 4.50. Apples—French: Golden Delicious 20 lb 84's 3.00, 72's 3.20; 40 lb 5.60-6.00, Golden Delicious, jumble pack, per pound, 0.10-0.12; W. Australian: Granny Smiths 6.70; Tasmanian: Cox's Orange Pippins 7.30-8.60, Golden Delicious 6.50-6.70; Italian: Rome Beauty, per pound 0.13, Golden Delicious 0.10-0.12; S. African: Dunn's 6.00-7.00, Granny Smiths 6.70-6.80, White Winter Pearmain 6.60-6.80, Starking Delicious 7.60-7.60; Chilean: Granny Smiths 6.60-6.70; New Zealand: Cox's Orange Pippins 163/234 7.00-8.50; Danish: Per pound, Spartans 0.10-0.11. Pears—S. African: Cartons, Packham's Triumph 7.80-8.00, Beurre Bosc 6.00; Dutch: Per pound Conference 0.14; Belgian: Conference 0.10-0.13. Grapes—S. African: New Cross 6.20, Barlinka 4.80, Golden Hill 6.50; Chilean: 5 kilos, Almeria 6.20, Red Emperor 4.80. Bananas—Jamaican: Per pound 0.14-0.15.

English produce: Potatoes—Per 56 lb, Whites/Reds 2.30-2.70. Lettuces—Per 12 1.40-1.50, Cos 1.20. Beetroots—Per 28 lb 1.40. Turnips—Per 28 lb 1.00. Carrots—Per bag 1.00-1.40. Parsnips—Per 28 lb 1.20-1.30. Onions—Per 56 lb 2.80-3.40. Swedes—Per 28 lb 0.50-0.60. Rhubarb—Per pound, outdoor 0.06-0.07. Cucumbers—Per tray 12/24's 1.80-2.40. Mushrooms—Per pound 0.40-0.50. Apples—Per pound [illegible]

JUTE

DUNDEE JUTE—Quiet. Prices c and f U.K. for May-June shipment: BWC £290, BWD £282. Tossa: BTB £302, BTC £292, BTD £284. Calcutta goods easier. Quotations c and f U.K. for May shipment, 10-oz 40-in £10.04, 7½-oz £7.90 per 100 yards. June £10.01 and £7.53. July £9.98 and £7.77. B Twills: £27.06, £27.19 and £27.35 for the respective shipment periods. Yarn and cloth steady.

COTTON

COTTON, Liverpool—Spot and shipment sales in Liverpool amounted to 664 tonnes, bringing the total for the week so far to 1,345 tonnes. Several spinners entered the market and a revival in turnover was in evidence, reports F. W. Tattersall. South American descriptions occupied the limelight.

Bid to make exchange more active

HONG KONG, May 10.

PRIORITIES IN the coming year for the Hong Kong Commodities Exchange are to make the cotton and sugar futures markets more active, Mr. Peter Scales, Exchange chairman, said here.

At the same time the exchange will be looking at the possibility of introducing new commodities.

The market in cotton futures, which enters its second year of trading to-day, traded only seven lots of one day white sugar, introduced on November 15, has seen a low of four lots.
Reuter

PRICE CHANGES

Prices per tonne unless otherwise stated.

	May 10 1978	+ or —	Month ago
Metals			
Aluminium	£680	......	£680
Free market (cif)	$685-100	......	$980-95
Copper cash W. Bars	£694.75	—0.75	£692.25
3 months do. do.	£713.25	—0.5	£707.75
Cash Cathode	£684.75	—0.75	£682
3 months do. do.	£703.5	......	£697.25
Gold Troy oz.	$175.125	......	$179.575
Lead Cash	£298.25	—1.75	£313.5
3 months	£305.75	—3.0	£318.75
Nickel	‡		‡
Free Market (cif lb)	$1.95-2.05	......	$1.93-2.03
Platinum troy oz.	£120.50	......	£117.60
Free Market	£120.9	+0.4	£117.1
Quicksilver (76lb.)	$127-32	......	$130-35
Silver troy oz.	278.6p	—0.05	282.8p
3 months	285.3p	+0.35	287.7p
Tin Cash	£6,485	—120	£5,865
3 months	£6,392.5	—55	£5,890
Wolfram 22.04lb. cif	$135-40	......	$143-48
Zinc cash	£302.25	+2.25	£298.5
3 months	£311.25	+2.625	£304.5
Producers	$550-600	......	$550
Oils			
Coconut (Phil)	$590z	......	$605
Groundnut	£744	......	£722
Linseed Crude (v)	£365	+2.0	$323
Palm Malayan	$580w	+10.0	$581
Seeds			
Copra Philip	$410y	+5.0	$395
Soyabean (U.S.)	$294.25s	......	$297
Grains			
Barley EEC	‡		‡
Home Futures	£79.8	—0.3	£80.1
Maize			
French No. 3 Am	£106.5	+0.75	£105.75
Wheat			
No. 1 Red Spring	£94.05	+0.5	£95.5
No 2 Hard Winter	‡	......	‡
English Milling	£102	......	£97.5
Cocoa Shipment	£1,962	—55.0	£2,088
Future July	£1,871.5	[illegible]	£1,979
[illegible]	[illegible]	[illegible]	£1,388.5
[illegible]	[illegible]	[illegible]	69.155c
[illegible]	[illegible]	[illegible]	47.5
[illegible]	[illegible]	[illegible]	£101
Wooltops 64s kilo	280p	[illegible]	274p

* Nominal. ‡ Unquoted. s May-June. t May-Aug. u June. v April-June. w July. y May-July. z June-July. x Per ton.

HIDES—London. Generally easy. Ox 31-35½ kilos 51p per kilo. 26-30½ kilos withdrawn 58.1p, 22-25 kilos withdrawn 61p. Light cows withdrawn 53p per kilo. No calf offered.

★

GRIMSBY FISH—Supply good and demand fair. Prices a stone at ship's side unprocessed: Shelf cod £4.20-£4.30, codlings £3.00-£3.40; large haddock £3.50-£4.00, medium haddock £3.00-£3.80, small haddock £1.30-£2.80; large plaice £3.80-£4.20, medium plaice £3.50-£5.00, best small plaice £3.50-£4.70; skinned dogfish (large) £5.00, medium £3.50; lemon soles (large) £6.00, medium £5.30; rockfish £2.00-£2.60; reds £1.00-£2.40; saithe £1.35-£2.30.

FINANCIAL TIMES

May 10	May 9	Month ago	Year ago
243.22	243.44	239.83	267.36

(Base: July 1, 1952=100)

REUTER'S

May 10	May 9	Month ago	Year ago
1462.7	1467.0	1441.0	1680.1

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	May 10	May 9	Month ago	Year ago
Spot	357.23	361.84	364.86	413.53
Futures	347.14	348.45	354.65	385.89

(Average 1924-25-26=100)

MOODY'S

Moody's	May 10	May 9	Month ago	Year ago
Spie Commty	910.8	906.3	904.0	929.5

(December 31, 1931=100)

U.S. Markets

Copper up, cocoa declines

NEW YORK, May 10.

COPPER RALLIED on trade arbitrage buying electing Commission House stop-loss buying. Precious metals closed slightly higher on a steady tone, due to a weaker U.S. dollar on renewed inflation concern. Cocoa closed lower on renewed speculative short selling and Commission House liquidation. Sugar eased on Commission House stop-loss selling, Bache reports.

Cocoa—May 146.25 (150.25), July 142.50 (147.25), Sept. 139.25, Dec. 134.55, March 131.05, May 128.75, July 126.50. Sales: 922 lots.

Coffee—"C" Contract: May 177.00 (175.20), July 157.65-157.90 (154.50), Sept. 142.00, Dec. 126.70, March 120.50-121.00, May 117.50-118.50, July 115.00-115.50, Sept. 113.50. Sales: 620 lots.

Copper—May 58.60 (57.80), June 58.90 (58.20), July 59.50, Sept. 60.60, Dec. 62.10, Jan. 62.60, March 63.60, May 64.90, July 65.60, Sept. 66.60, Dec. 68.10, Jan. 68.60, March 69.60. Sales: 2,311 lots.

Cotton—No. 2: July 59.65-59.70 (63.05), Oct. 61.51-61.55 (61.95), Dec. 62.72-62.80, March 63.75-63.60, May 64.50-64.60, July 65.25-65.60, Oct. 64.60 bid. Sales: 425,000 bales.

*Gold—May 174.40 (172.30), June 174.00 (172.80), July 176.00, Aug. 177.10, Oct. 179.30, Dec. 181.60, Feb. 184.10, April 186.60, June 189.20, Aug. 191.80, Oct. 194.50, Dec. 197.30, Feb. 200.10. Sales: 5,150 lots.

†Lard—New York prime steam 23.50 (24.00). Chicago loose 22.00 (not available).

†Maize—May 253-253¼ (252¼), July 250½-251 (251), Sept. 250-249½, Dec. 250½-251¼, March 222¼, May 261¼.

§Platinum—July 219.70-220.00 (216.20), Oct. 222.10 (218.40), Jan. 224.00, April 228.00, July 225.40-228.60, Oct. 231.00-232.50, Jan. 233.50-236.00. Sales: 1,121 lots.

§Silver—May 506.80 (501.50), June 508.30 (503.80), July 511.80, Sept. 518.90, Dec. 530.30, Jan. 534.30, March 542.40, May 550.60, July 559.10, Sept. 567.70, Dec. 580.70, Jan. 585.10, March 594.20. Sales: 5,500 lots. Handy and Harman spot bullion: ——— (504.40).

Soyabeans—May 719 (715¼), July 707-700 (703¼), Aug. 682, Sept. 650¼, Nov. 621-623, Jan. 627¼, March 634, May 635.

‖Soyabean Meal—May 177.30-176.90 (176.50), July 178.30-175.90 (173.40), Aug. 175.00, Sept. 174.40, Oct. 168.50-169.00, Dec. 166.30-166.50, Jan. 167.00-167.50, March 170.00, May 172.00-173.00.

Soyabean Oil—May 27.60-27.65 (27.35), July 26.80-26.78 (26.40), Aug. 26.50-25.75, Sept. 24.75-24.70, Oct. 23.75-23.85, Dec. 23.10-23.20, Jan. 22.80, March 22.60-22.70, May 22.50.

Sugar—No. 11: July 7.40-7.42 (7.40), Sept. 7.68-7.70 (7.69), Oct. 7.83-7.84, Jan. 8.40-8.41, March 8.64-8.65, May 8.52-8.55, July 9.00, Sept. 9.13-9.19, Oct. 9.25-9.33. [illegible]

STOCK EXCHANGE REPORT

Dulling effect of dismal banking statistics short-lived

Technical rally in leading equities—Gilts also steadier

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 2	May 11	May 12	May 23
May 15	May 25	May 26	Jun. 7
May 30	Jun. 8	Jun. 9	Jun. 20

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets initially further reacted to April's depressing banking statistics but they soon regained composure despite the feeling that recent Confederation of British Industry's prognostications about exports could bode ill for the trade balance and persisting speculation concerning another rise in Minimum Lending Rate to-morrow.

Leading equities opened cautiously in anticipation of renewed easiness in British Funds and although this materialised no further erosion occurred in the industrial sector which changed tack on bear-closing followed by a more genuine investment interest. The subsequent absence of any worthwhile selling led to a return of the underlying stock shortage and the FT 30-share index, down 2.4 at 10 a.m., closed 3.9 up at the day's best of 475.0.

Unease continued to be felt about the current level of interest rates but this was largely confined to the funds, and to the short end of the market in particular. Quotations here began at Tuesday's late low marks and fell further before rallying to opening levels. All in all, this was considered to be an expectedly good performance.

Overall business in equities, as measured by bargains marked, was less, at 5,435, against 6,010 the previous day, but slightly better than the week-ago figure of 5,020. Secondary issues tended to lag behind the leaders, the tendency being mirrored in the three-to-two majority in favour of falls over rises among FT-quoted industrials.

Gilts close steadily

None too happy with the latest clearing banks' eligible liabilities, Gilt-edged began at the previous night's lower levels and very soon lost more ground. But not all buyers were intimidated and a good two-way trade ensued. Eventually a rally stuck and the longer maturities finally returned to Tuesday's list levels, thus ending some ¼ above the worst of the day. The shorts also had to contend with increased MLR expectations but they, too, recovered, the Treasury 14 per cent. 1982 stock closing ¼ down at 109, which was the same as the previous evening's late level, after having fallen to 108¾. Partly in recognition of Tuesday's late events, the FT Government Securities Index fell 0.11 to 71.01, a fresh low since early last September.

Business in Traded Options was again at a reasonable level, the numbers of contracts done amounting to 645 compared with last week's daily average of 678. The bulk of the business was confined to three stocks, Courtaulds again being prominent with 185 trades. Grand Met. came next with 170 and was followed by ICI with 83.

The investment currency market had another featureless day's trade. The premium moved between 109¾ per cent. and 110¼ per cent., before ending unchanged at 110¼ per cent. for the third successive day. The recent lack of incentive in this market is clearly illustrated by the fact that the closing level of the premium has moved within the restricted range of 1¾ over the last ten trading sessions. Yesterday's conversion factor was 0.6817 (0.6824).

Antofagasta Ordinary shares moved up another ¼ to £18¾.

Discounts easier

Further consideration of the latest bank lending figures left the major clearers undecided. Quotations improved initially but then eased back late to close mixed. Lloyds ended 5 dearer, at 285p but Barclays closed a penny off at 342p, after 345p. Allied Irish edged forward a couple of pence to 182p in response to the sharply higher annual earnings. Discounts gave ground throughout the list. Allen Harvey and Ross 445p, Cater Ryder 285p, and Union 315p, all receded 5, while King and Shaxson shed 4 to 58p; the annual results of the last-named are due to-day. Merchant Banks, however, managed a few modest improvements with Guinness Peat and Hambros closing 5 better at 225p and 183p respectively. Lloyds and Scottish edged forward a penny to 91p in front of to-day's first-half figures among Hire Purchases, while UDT, at 37p, retraced the previous day's loss of 3.

Royals reflected disappointment with the first-quarter profits and closed 8 down at 370p, after 365p. Elsewhere in mixed Insurances, Sun Alliance declined 6 to 528p but London and Manchester added that much to 140p.

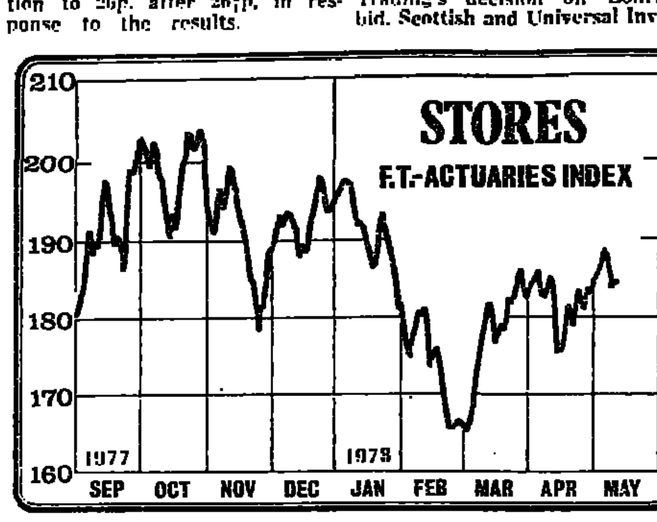
Distillers, which closed at 185p, recovered the previous day's fall of 6 following news that the company had raised export prices of bulk bottling whisky to the U.S. by 10 per cent.

Buildings eased in early trading in brisk business but rallied to end the session with only modest falls. Profit taking accounted for a loss of 6 to 294p in Richard Costain, while FPA Construction, down a penny at 16p, continued to reflect dismay with the sharply lower profits and the absence of a final dividend. Taylor Woodrow ended 4 cheaper at 382p, but further demand saw Fairclough Construction firm 4 to 79p, while Marchwiel rose a similar amount to 302p in a quieter trade than of late. Henderson A jumped 9 to 69p in a thin market on further consideration of the previous day's statement of a second-half recovery in profit and Vibroplant rose 6 to 170p. Mallinson-Denny attracted buyers following the annual results to close 4½ better at 53p and, similarly, Magnet and Southerns rose 4 to 192p.

Initially dull at 342p, ICI recovered on technical influences to close 3 firmer on balance at 348p. Investment demand left Fisons up 6 at 337p. In quiet trading conditions, secondary chemical issue remained virtually at overnight levels.

Following the after-hours announcement of interim figures, Westward Television concluded the day's business with a modest fall to 25p.

Secondary issues provided a few firm features in Stores. Elys (Wimbledon) jumped 15 to 150p following buying in a thin market, while Moss Bros. firmed 7 to 102p on speculative support and A. G. Stanley advanced 6 to 160p. Selincourt edged forward a fraction to 26p, after 26½p, in response to the results.



A few pence easier initially, Electrical leaders picked up to close without alteration on balance. Elsewhere, United Scientific continued to reflect disappointment with the interim statement and eased afresh to 296p before settling at 300p for a loss of 8 on the day.

Engineering leaders showed no decided trend. Hawker Siddeley, up 8 at 212p, found support along with John Brown, 4 to the good at 320p. By way of contrast, Vickers fluctuated narrowly and closed a penny cheaper at 177p following news that the Canadian Vickers talks had been terminated, while GKN, 3 cheaper at 274p, failed to benefit from a report that the company may win a £190m. East German plant deal. Secondary issues also made a mixed showing and final movements were mostly limited to a few pence either way. Staveley, however, stood out with a rise of 6 at 240p on scattered buying, while Averys improved 4 to 152p on the annual results. Smaller-priced issues to make headway included Howard Machinery, 2 firmer at 30p, and W. Henshall, 3 to the good at 21p, the latter following the announcement that Bovbourne had increased its stake in the company.

Foods passed a rather subdued session. Still unsettled by the proposed £36.1m. rights issue, Rowntree Mackintosh eased further to 394p before closing at 398p, a loss of only 2 on balance. J. Bibby became a steadier market and picked up 2 to 225p, while revived speculative interest left Associated Fisheries 3 dearer at 50p. On the other hand, United Biscuits shaded a penny to 160p following the chairman's statement that profits in the first half of the current year have been adversely affected by bad weather in the U.S. Among Hotels and Caterers, Wheeler's Restaurants were outstanding again with a fresh rise of 60 to 390p on continued demand in an extremely thin market.

J. F. Nash good late

Awaiting the Office of Fair Trading's decision on Lonrho's bid, Scottish and Universal Investments moved up 5 to 120p. Other Miscellaneous Industrial leaders picked up from a dull start to close with modest improvements. Beecham rallied from 643p to finish 2 dearer on balance at 649p, while Glaxo closed 5 to the good at 560p. A firm market of late on its planned acquisition of a 75 per cent. stake in a Californian beverage can manufacturing company, Metal Box fell 10 to 310p, after 306p. Elsewhere, J. F. Nash Securities stood out in the later dealings with a jump of 23 to 100p on the announcement that it had sold its Gailey Caravan Group subsidiary to Black and Edgington for £1.9m.; B and E closed 3 off at 113p. BTR hardened 2 to 277p following the chairman's encouraging statement and ICL added 4 to 280p in response to Press comment. Black Arrow added a similar amount to 36p as did Denbyware, to 85p, and Securicor, to 102p.

Among the Motor sections, Garages and Distributors encountered scattered offerings. Appleyard gave up 4 to 88p and falls of 1½ were recorded in Manchester, 31p, and BSG International, 40p. Dunlop picked up 3 to 79p in Components.

Despite the predicted rise in interest rates, Properties held up well to close with only modest falls where changed. In a continuation of the previous day's quiet trade, an easier tendency was reversed in English Property which closed a penny higher at 33½p. Scottish Metropolitan improved 3 to 103p after modest demand. On the other hand, United Real and Glanfield Securities both eased 3 to 247p and 265p respectively. Apex, 200p, Bradford, 208p, and Churchbury, 238p, all shed a couple of pence, while housebuilders Fairview Estates, 112p, softened 3, the last-named on the prospects of an increase in mortgage rates.

Oils quiet

Burmah Oil firmed 2 to 58p, after 59p, on speculative interest and hopes of a statement from the company that tanker losses are less than expected; the announcement that the shareholders' Action Group intends to move resolutions concerning renegotiated agreements with Chase Manhattan and Orion banks at the AGM had little effect on the share price. In the leaders British Petroleum, 844p, and Shell, 574p, both traded quietly to close without alteration. Of the North Sea hopefuls, modest demand saw Siebens U.K. improve 10 to 340p.

The surprise announcement of a £2¼m. loss for the first-half year unsettled stockjobbers Akroyd and Smithers which fell away to close 15 down on the day at 215p, after 212p. Smith Bros. lost 3 to 54p in sympathy.

Furness Withy continued to dominate proceedings in Shippings, as fresh speculative support on continuing bid hopes helped them to a rise of 6 to 268p; the annual results are due next Tuesday. Elsewhere, P and O Deferred gained 3 to 100p.

Among the few noteworthy movements in the Textile sector, Tricoville responded to the interim results with a rise of 3 to 70p, while the increased dividend and profits left John Foster 1½ dearer at 36p. Tobaccos were quiet and rarely altered.

South African Breweries firmed 1½ to 78p in response to the annual results.

The first half-hour of trading provided the day's feature in Plantations on the announcement of the agreed merger between Harrisons Malaysian Estates and Harrisons and Crosfield; the former closed 7 higher at 97p, after 100p, while the latter fell 13 to 487p. Lunuva, in which H. and C. has a near-45 per cent stake, jumped 30 to 219p in sympathy. Elsewhere, Guthrie added 7 at 267p and Sungei Krian closed 6 higher at 72p.

Golds up again

The continuing firmness of the bullion price, which was finally $1 better at $174.125 per ounce, enabled South African Golds to push ahead for the third successive trading day with the Gold Mines Index adding 4.3 at 148.4—a three-day gain of 6.5.

Prices were marked up at the outset of business and, after faltering briefly owing to small Continental selling, they resumed their upward path as American buying became evident in the late trade.

Rises in the heavyweights ranged to a half-point as in Randfontein, £33½, while improvements of ¼ were common to Hartebeest, £11, West Driefontein, £18¾ and Western Holdings, £16¼. Medium-priced issues showed President Steyn 35 higher at 687p and Western Deep, 738p, and Saint Helena, 767p both around 29 to the good. In the lower-priced stocks, Doornfontein were outstanding with a rise of 20 to 271p.

South African Financials were equally firm. De Beers were active and finally 3 up on balance at 350p, after 352p, while Anglo-Vaal advanced 25 more to a 1978 high of 725p. GFSA gained ⅜ to £12⅜. Transvaal Consolidated Land hardened ¼ to a high of £13¼ in front of to-day's half-year results.

Platinums came in for some persistent Cape buying which took Rustenburg up to 84p, a gain of 6, while Bishopsgate put on 3 to 81p. The South African Finance House "Johnnies" rose ⅜ to £12 reflecting its considerable holding in Rustenburg.

Australians showed a firmer tendency overall but business was subdued. Western Mining put on a penny at 114p following the discovery of gold at the Roxby Downs copper-uranium prospect, while speculative interest lifted Tasminex 5 more to 90p. Buying of the same nature prompted a penny gain to 3¾p in Newmetal.

The continuing firmness of the metal price in Penang caused further good gains in Tins. Also helped by the higher April production figure, Ayer Hitam advanced 20 to a high of 355p. Other Tins to register substantial gains included Geevor, 5 better at 145p, and Tronoh, the same amount up at 202p.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 25	May 9	July 20	Aug. 1
May 10	May 22	Aug. 3	Aug. 15
May 23	Jun. 6	Aug. 17	Aug. 30

For rate indications see end of Share Information Service

Money was given for the call of Town and City Properties, Burmah Oil, English Property, Associated Fisheries, Group Lotus, National Westminster Warrants, ICI, Ultramar, Shell Transport, Celtic Haven, Dubilier, Lonrho, Bellway Holdings, Chubb, Reo. Stakis and UDT. No puts were reported, but double options were arranged in Reed International English Property, P & O Deferred, Dawson International, J. Bibby, Leslie and Godwin and Erskine House Investments. Short-dated calls were transacted in Hammerson "A," and Siebens (U.K.), while Hammerson "A" were dealt in for the double.

FINANCIAL TIMES STOCK INDICES

—	May 10	May 9	May 8	May 5	May 4	May 3	A year ago
Government Secs.	71.01	71.12	71.45	71.75	71.40	71.42	60.92
Fixed Interest	72.17	72.30	72.65	72.54	73.95	73.95	63.72
Industrial Ordinary	475.0	471.1	480.1	481.5	474.6	471.9	456.6
Gold Mines	148.4	144.1	143.1	141.9	143.9	142.2	115.0
Ord. Div. Yield	5.64	5.68	5.58	5.58	5.66	5.69	5.02
Earnings Yld % (full)(*)	17.11	17.23	16.94	16.93	17.05	17.15	15.44
P/E Ratio (net) (*)	7.82	7.77	7.90	7.90	7.84	7.80	9.62
Dealings marked	5,435	6,010	6,412	5,741	5,180	5,520	8,269
Equity turnover £m	—	71.15	74.12	98.60	94.20	100.17	120.43
Equity bargains total	—	15,767	17,461	17,444	17,060	17,935	24,761

10 a.m. 465.7. 11 a.m. 465.9. Noon 473.6. 1 p.m. 474.2. 2 p.m. 474.1. 3 p.m. 474.5.
Latest Index 01-246 8026.
* Based on 52 per cent. corporation tax. Nil=7.69.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	71.01 (10/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	72.17 (10/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (9/5)	130.3 (6/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	May 10	May 9
—Daily		
Gilt-Edged	169.7	163.9
Industries	197.4	219.4
Speculative	32.5	39.7
Totals	123.7	136.8
5-day Average		
Gilt-Edged	156.0	153.5
Industrials	205.5	204.5
Speculative	32.9	32.9
Total	126.5	126.9

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	15	844	—	864	720
ICI	£1	12	348	+ 3	365	328
Shell Transport	25p	11	574	—	586	484
BAT Inds.	25p	10	337	—	337	267
Grand Met.	50p	10	113½	+ 2½	113½	87
Burmah Oil	£1	8	58	+ 2	59	42
Commercial Union	25p	8	153	—	159	138
GEC	25p	8	249	—	278	233
Ultramar	25p	8	268	+ 2	274	194
Barclays Bank	£1	7	342	− 1	358	296
Beecham	25p	7	649	+ 2	678	593
Booker McConnell	50p	7	202	+ 5	262	127
Hawker Siddeley	25p	7	212	+ 8	216	168
Royal Insurance	25p	7	370	− 6	425	346
United Scientific	25p	7	300	− 8	322	260

LONDON TRADED OPTIONS

Option	Exercise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	112	1	127	2	142	—	844p
BP	800	70	8	89	10	110	2	
BP	850	37	10	59	—	80	1	
Com. Union	140	18	—	23½	2	25	1	152p
Com. Union	150	10	7	15½	12	15	1	
Cons. Gold	160	18	1	26	—	30	—	171p
Cons. Gold	180	8½	1	15	6	19½	1	
Courtaulds	110	13½	10	16	—	21	—	120p
Courtaulds	120	8½	66	12	—	25½	—	
Courtaulds	130	3	106	6½	3	—	—	
Courtaulds	140	1½	1	[illegible]	—	—	—	
GEC	220	37	20	48	3	51	—	249p
GEC	240	22½	1	30	—	38	—	
GEC	260	11½	13	20	—	27	1	
Grand Met.	100	17½	23	22½	1	25	3	115p
Grand Met.	110	10½	72	15½	12	18	—	
Grand Met.	120	6½	4	10	18	12	—	
ICI	330	32	9	43	9	48	—	348p
ICI	360	15	14	31	3	30	—	
Land Secs.	180	27½	1	32	2	35½	—	202p
Land Secs.	200	15½	10	21	10	23	—	
Land Secs.	220	5	6	10	—	15	—	
Marks & Sp.	130	22	1	19	—	22	—	146p
Marks & Sp.	140	4	—	[illegible]	—	[illegible]	—	
Shell	500	94	—	106	—	108	—	574p
Shell	550	50	8	62	2	72	—	
Shell	600	21	14	32	—	43	—	
Totals			441		131		73	

APPOINTMENTS

Woolwich Board post

Mr. J. Alan Cumming, chief general manager of the WOOLWICH EQUITABLE BUILDING SOCIETY, has been appointed to the Board. Mr. Cumming is a member of the Council of Building Societies Association and serves on its Policy European and Accountancy and Taxation Committees.

★

Mr. J. R. Redfern has been elected president of the INSURANCE INSTITUTE OF LONDON for 1978-79 and Mr. A. R. Matanle has become deputy president.

★

Mr. P. L. Grainge, actuarial vice-president of the CANADA LIFE ASSURANCE COMPANY in the U.K. and Ireland, has retired.

★

GEC DISTRIBUTION SWITCHGEAR has made the following directorship appointments: Mr. D. C. MacVicker (managing), Mr. G. Webster (finance), Mr. C. A. Maude (sales), Mr. N. E. M. Cuthbertson (engineering) and Mr. B. W. Blower.

★

Mr. Fred Beard, chairman of the GRENFELL BEARD INTERNATIONAL INSURANCE BROKERS GROUP, retires on June 30 and will become the first president and remain on the Board as a non-executive director. He is to be succeeded by Mr. Stanley Fishury, who will continue as the group's managing director.

★

Mr. J. Martin Willis has been elected chairman of the BRITISH CERAMIC PLANT AND MACHINERY MANUFACTURERS' ASSOCIATION, and Mr. David J. Caswell becomes vice-chairman. Mr. Robert E. Craven has been re-elected treasurer.

★

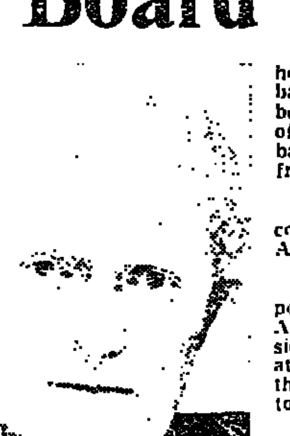
Mr. George Home, deputy managing director of the Royal Bank of Scotland and deputy managing director of the National and Commercial Banking Group, has been appointed to the new chair of international banking at HERIOT-WATT UNIVERSITY from June 1.

★

The next vice-chancellor of the UNIVERSITY OF BRADFORD will be Professor John C. West, at present professor of electrical and control engineering at the University of Sussex. He takes up his new post on January 1.

★

Mr. Christopher Garrett has been appointed to the Board of INDUSTRIAL AND TRADE FAIRS (HOLDINGS). He is deputy chief executive of the operating company, Industrial and Trade Fairs Limited.



Mr. Alan Cumming

★

MERCANTILE CREDIT COMPANY has formed an operations division with the following executives: Mr. M. E. Acland, executive director, Mr. M. H. Barnes, Mr. W. A. Gamble and Mr. B. C. Hassell, general managers, and Mr. D. R. Gerrard and Mr. B. Hollam, deputy general managers.

★

Mr. S. E. Duckham has been appointed commercial director of IMPERIAL TOBACCO from June 1 in place of Mr. A. M. Reid, who will continue as managing director. Mr. B. H. Wray will succeed Mr. Duckham as marketing director.

★

Dr. James R. Preston is to join the council of the INSTITUTE OF ADVANCED MOTORISTS as the official representative of the British Medical Association.

★

Mr. Jack Jones, former general secretary of the Transport and General Workers Union, has been appointed as an associate fellow of the LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE from October 1.

★

Mr. Michael J. Cannon-Brookes, head of CITIBANK'S national banking group in the U.K., has been appointed to take charge of a new international corporate banking department in New York from next month.

★

Mr. Melvin J. B. Swann has become sales director of GRUNDY ARNATT.

★

Mr. Ken Phillips has been appointed a director of SMART AND BROWN LIGHTING, a subsidiary of Thorn Lighting. He is at present general manager for the Hereford and Leominster factories.

★

Mr. W. John Reynolds will be joining the partnership of STOCK AND CO., stockbrokers, from May 15.

★

Mr. Frank R. Reilly has been appointed general manager of the CHASE MANHATTAN BANK operations in the U.K. He was previously group executive of the Bank's international department financial management group.

★

The Board of PRIMROSE INDUSTRIAL HOLDINGS has been reconstituted following the resignation of Mr. D. A. Lurie, Mr. C. J. Saunders, Mr. G. Perlman and Mr. D. McKenna. It now consists of Mr. A. R. Kemp (executive chairman), Mr. D. J. Gevisser (deputy chairman and managing director), Mr. D. M. H. Bruggemann, Mr. I. D. Brittan, Mr. A. D. Hankison, Mr. D. H. Mitchell, Mr. J. B. Robertson and Mr. F. J. J. F. Steyn. Mr. G. Perlman and Mr. D. McKenna have been made alternate directors.

★

ITT has appointed Mr. Mike Foster as Regional commercial director for the consumer electronics and appliances group in the U.K.

★

Following the acquisition of Daniels and Daniels and Continental Fashions (Leicester) by the ALPHA LEATHER COMPANY, Mr. S. P. Daniels and Mr. M. R. Garrard have been appointed to the Board of Alpha. Mr. H. Morrison-Jones and Mr. C. Butterworth, senior executives, have also joined the Board of Alpha, which is a U.K. subsidiary of Hutchison Whampoa of Hong Kong.

★

Mr. A. D. McN. Boyd will be retiring as chief executive of RICHARDSONS WESTGARTH AND CO. in July. Mr. G. L. Benter is to retire as managing director at the annual meeting on June 7.

★

Mr. P. J. Allan has become managing director of BACKER ELECTRIC COMPANY, having previously been managing director of its industrial division. Joining the Board are Mr. J. F. Alsop as managing director, domestic division, and Mr. R. Hanstead, as financial director. Divisional directorship appointments are: Mr. P. A. Cliffe, assistant managing director; Mr. J. F. Dye, production, domestic; Mr. R. G. Kelly, production engineering, domestic; Mr. G. D. Freeman, sales, industrial; Mr. J. A. Yarrow, production, industrial; and Mr. G. F. Johnson, technical, industrial.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (85)

AMERICANS (4)
Baker Intl. — Manf. Hanover
Colt Inds. — Tesoro Petroleum

CANADIANS (1)
Inco

BANKS (2)
ANZ — Allied Irish

BUILDINGS (6)
Brownlee — Hwdn Stuart 7pc Cnv.
Fairclough Const. — Mallinson-Denny
Henderson (P. C.) A — Rowlinson

CHEMICALS (1)
Wolstenholme Bronze

DRAPERY & STORES (3)
Lee Cooper — Wades A
Stanley (A. G.)

ELECTRICALS (1)
Racal Electronics

ENGINEERING (5)
Assoc. Tooling — Clifford (Chas.)
Barton & Sons — Staveley Inds.
Birmingham Mint

HOTELS (1)
Wheeler's

INDUSTRIALS (22)
Alpine Hldgs. — Mettoy
Barr/Wallace Arnld. A — Mitchell Cots Trans.
Black Arrow — Nash (J. F.)
Booker McConnell — Northern Eng.
Caplan Profile — Pentos
Ewer (G.) — Pitney Bowes Ln.
Fogarty (E.) — Radiant Metal
Hunting Assoc. — Securicor
Lernev Prods — Securicor A N.V.
McCleery L'Amie — Williams (J.)
Magnolia — Wood (A.)

INSURANCE (2)
Ennia UK 9pc Cnv — London & Manchester

MOTORS (2)
Volvo — Caffyns

PAPER (1)
Ogilvy & Mather

SOUTH AFRICANS (2)
OK Bazaars — S A Breweries

TEXTILES (4)
Allied Textile — Highams
Foster (J.) — Tricoville

TRUSTS (2)
Derby Trust Inc. — Gen. & Commercial

OILS (2)
Burmah — Siebens (UK)

OVERSEAS TRADERS (4)
Gill & Duffus — Sime Darby
Inchcape — Steel Bros.

RUBBERS (5)
Bertram Cons. — Muar River
Cons. Plants — Sungei Krian
Harrisons Malaysian Ests.

TEAS (4)
Assam Dooars — Longbourne
Jokai — Lunuva

MINES (11)
Anglo-Transvaal — Pahang
Transvaal Cons. Land — Malay Dredging
Newmetal — Pengkalen
Ayer Hitam — Sungei Besi
Berjuntai — Tronoh
Geevor

NEW LOWS (39)

BRITISH FUNDS (19)
Excheq. 5pc 76-78 — Treas. 8¼pc '80-82
Treas. 11½pc 1979 — Treas. 14pc 1982
Treas. 10½pc 1979 — Treas. 8¼pc 1982
Excheq. 13pc 1980 — Excheq. 9¼pc 1982
Treas. 11½pc 1981 — Excheq. 8¼pc 1983
Treas. 9¾pc 1981 — Treas. 12pc 1983
Excheq. 8¼pc 1981 — Ex. 12pc '98 (£30pd)
Excheq 9¾pc 1981 — Consols. 4pc
Excheq. 3pc 1981 — War Loan 3½pc
Exchequer 12½pc 1981

COMMONWLTH. & AFRICAN LOANS (1)
Australia 5½pc 1981-82

LOANS (4)
ICFC 11pcUns.Ln 98 — Do. 7¼pcADb. '91-94
Do. 11½pcUns.Ln '90 — Do. 8½pcLn. '92-97

FOREIGN BONDS (1)
Japan 6pc 1983-88

CINEMAS (1)
Scottish T.V. A

ENGINEERING (1)
Record Ridgway

FOODS (3)
England (J. E.) — Taverner Rutledge
F.M.C.

INDUSTRIALS (2)
Bridgend Processes — Hestair

MOTORS (1)
Zenith A

PAPER (1)
Collett Dickenson

PROPERTY (2)
Prop. Hldgs. & Inv. — Prop. & Rev. A

TRUSTS (3)
Anglo-Int. Div. — Akroyd & Smithers
Leda Inv. Inc.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	2	31	42
Corpns. Dom. and Foreign Bonds	4	14	47
Industrials	261	378	910
Financial and Prop.	52	144	274
Oils	7	9	18
Plantation	15	3	15
Mines	72	14	36
Recent Issues	5	6	12
Totals	418	649	1,354

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
105	F.P.	26/4	143	118	[illegible] Holdings	136	−3	b0.75	2.2	7.4	9.4

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., May 10, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Tues. May 9 Index No.	Mon. May 8 Index No.	Fri. May 5 Index No.	Thurs. May 4 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	210.40	+0.1	17.64	5.66	7.86	210.23	212.35	212.27	209.43	181.73
2	Building Materials (27)	189.89	−0.3	17.98	5.72	7.97	190.39	191.91	190.46	187.55	152.98
3	Contracting, Construction (26)	343.26	−0.6	18.60	3.93	7.51	345.47	346.45	341.44	336.07	253.28
4	Electricals (15)	436.94	—	15.65	4.06	9.05	437.02	440.11	444.06	437.21	349.95
5	Engineering Contractors (14)	311.15	+1.0	18.21	6.53	7.17	308.17	310.95	310.37	305.93	242.51
6	Mechanical Engineering (71)	168.01	+0.7	19.16	6.22	7.11	166.90	169.33	169.86	168.11	165.87
8	Metals and Metal Forming (17)	167.82	−0.3	16.80	8.35	8.01	168.35	170.90	170.17	168.23	155.76
	CONSUMER GOODS										
11	(DURABLE) (52)	195.73	+0.1	17.26	4.85	8.29	195.44	197.83	197.11	195.83	163.24
12	Lt. Electronics, Radio TV (15)	232.37	+0.1	15.10	3.69	9.52	232.18	234.99	233.51	232.60	185.22
13	Household Goods (12)	171.94	+0.3	16.74	6.56	8.21	171.48	173.38	173.45	172.26	161.87
14	Motors and Distributors (25)	122.91	+0.2	20.68	6.23	6.95	122.65	124.19	124.12	122.85	106.35
	CONSUMER GOODS										
21	(NON-DURABLE) (176)	203.86	+0.4	15.84	5.73	8.58	203.04	206.57	206.79	203.59	171.01
22	Breweries (14)	238.86	+0.4	13.67	5.57	11.08	237.89	241.57	240.23	233.65	180.25
23	Wines and Spirits (6)	262.67	+2.5	15.40	5.48	9.85	256.26	264.00	265.10	263.14	201.40
24	Entertainment, Catering (17)	260.28	+1.0	13.55	6.55	10.68	257.74	261.39	260.55	257.01	217.22
25	Food Manufacturing (22)	192.58	+0.2	20.54	5.73	6.44	192.20	196.08	195.99	193.19	175.58
26	Food Retailing (16)	195.40	−0.3	14.52	4.79	9.49	195.98	199.38	200.97	198.67	179.19
32	Newspapers, Publishing (13)	377.11	+0.1	10.73	3.29	13.46	376.70	385.04	377.55	370.95	293.97
33	Packaging and Paper (15)	131.42	−0.7	19.86	9.03	7.13	132.28	133.01	134.31	133.20	117.23
34	Stores (39)	184.57	+0.4	11.21	4.37	13.10	183.89	187.69	188.86	186.42	147.00
35	Textiles (25)	185.01	+1.0	20.47	7.22	5.96	183.20	187.08	188.14	184.56	166.61
36	Tobaccos (3)	254.26	—	21.74	7.36	5.47	254.26	256.30	254.91	249.77	225.52
37	Toys and Games (6)	103.27	+1.5	20.49	5.90	6.38	101.77	101.07	102.15	101.45	96.08
41	OTHER GROUPS (97)	190.56	+0.3	16.74	5.94	7.88	190.05	193.27	193.73	191.25	180.33
42	Chemicals (19)	258.16	+0.7	19.51	6.71	7.00	256.28	262.12	264.44	260.09	246.83
43	Pharmaceutical Products (7)	254.87	+0.4	11.35	4.00	11.02	253.95	257.64	258.58	255.70	0.00
44	Office Equipment (6)	130.18	−0.9	18.74	4.96	6.32	131.31	133.38	131.81	129.50	104.56
45	Shipping (10)	436.45	+0.5	18.18	7.19	6.77	434.21	439.34	441.34	441.42	500.75
46	Miscellaneous (55)	201.82	−0.1	16.66	6.37	8.14	202.01	204.70	204.23	201.87	184.07
49	INDUSTRIAL GROUP (495)	208.40	+0.3	16.59	5.70	8.21	207.83	210.99	211.13	208.25	181.78
51	Oils (5)	492.64	—	14.98	4.02	7.24	492.62	497.63	486.83	474.87	507.58
59	500 SHARE INDEX	231.90	+0.2	16.34	5.44	8.04	231.37	234.71	234.05	230.47	207.92
61	FINANCIAL GROUP (100)	165.69	−0.1	—	5.58	—	165.85	169.74	168.81	165.38	139.76
62	Banks (6)	195.54	+0.5	24.20	5.51	6.26	194.61	201.59	200.34	197.45	153.79
63	Discount Houses (10)	199.75	−1.2	—	8.40	—	202.21	202.36	198.97	194.11	168.88
64	Hire Purchase (5)	144.41	+2.2	13.55	5.54	10.93	141.25	145.07	146.14	145.21	137.82
65	Insurance (Life) (10)	137.92	−0.6	—	6.60	—	138.69	142.86	141.88	137.81	109.38
66	Insurance (Composite) (7)	129.78	−0.6	—	6.57	—	130.55	133.25	133.67	128.60	113.50
67	Insurance Brokers (10)	342.38	+0.7	14.18	4.28	10.31	339.95	350.36	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	79.32	+0.6	—	6.08	—	78.86	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	221.35	−0.2	3.04	3.16	63.47	221.77	223.11	220.83	216.39	198.17
70	Miscellaneous (7)	104.76	−2.2	24.94	7.58	5.55	107.15	107.90	107.64	106.91	94.40
71	Investment Trusts (50)	203.23	−2.8	3.74	4.74	30.79	206.57	205.25	204.18	[illegible]	183.35
81	Mining Finance (4)	93.10	+0.1	17.75	7.40	6.90	92.97	93.07	95.57	92.69	116.30
91	Overseas Traders (19)	311.49	—	15.51	6.32	8.05	311.41	314.17	310.93	311.40	286.35
99	ALL-SHARE INDEX (673)	214.02	+0.1	—	5.49	—	213.75	217.03	216.28	213.00	190.98

FIXED INTEREST PRICE INDICES

	British Government	Wed. May 10	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	105.55	−0.24	—	3.63
2	5-15 years	116.36	−0.03	—	2.45
3	Over 15 years	120.13	—	—	4.97
4	Irredeemables	129.67	−0.55	—	6.08
5	All stocks	113.23	−0.11	—	3.97

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Wed. May 10	Tues. May 9	Year ago (approx.)
1	Low Coupons	5 years	8.51	8.48	7.38
2		15 years	10.89	10.89	10.74
3		25 years	11.43	11.43	11.15
4	Medium Coupons	5 years	10.84	10.77	9.56
5		15 years	12.12	12.11	11.61
6		25 years	12.30	12.30	12.03
7	High Coupons	5 years	11.25	11.33	10.43
8		15 years	12.67	12.67	12.76
9		25 years	13.03	13.01	12.76
10	Irredeemables		11.22	11.16	10.99

		Wed. May 10 Index No.	Yield %	Tues. May 9	Mon. May 8	Friday May 5	Thurs. May 4	Wed. May 3	Tuesday May 2	Friday Apr. 28	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.68	12.87	57.77	57.67	58.43	58.44	58.45	58.52	[illegible]	54.97
16	Investment Trust Prefs. (15)	52.60	13.55	52.46	53.27	54.25	54.29	54.89	54.84	54.84	50.62
17	Coml. and Indl. Prefs. (20)	70.85	12.99	70.59	71.23	71.05	71.23	71.17	70.81	71.01	71.67

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

BASE LENDING RATES

.B.N. Bank	9 %	■ Hambros Bank	9 %
llied Irish Banks Ltd.	9 %	■ Hill Samuel .... §	9 %
merican Express Bk.	7½%	C. Hoare & Co. .... †	9 %
mro Bank	9 %	Julian S. Hodge	10 %
.P Bank Ltd.	9 %	Hongkong & Shanghai	9 %
enry Ansbacher	9 %	Industrial Bk. of Scot.	7½%
anco de Bilbao	9 %	Keyser Ullmann	9 %
ank of Credit & Cmce.	9 %	Knowsley & Co. Ltd.	11½%
ank of Cyprus	9 %	Lloyds Bank	9 %
ank of N.S.W.	9 %	London Mercantile	9 %
anque Belge Ltd.	9 %	Edward Manson & Co.	10½%
anque du Rhone	9½%	Midland Bank	9 %
arclays Bank	9 %	■ Samuel Montagu	9 %
arnett Christie Ltd.	8½%	■ Morgan Grenfell	9 %
remar Holdings Ltd.	10 %	National Westminster	9 %
rit. Bank of Mid. East	9 %	Norwich General Trust	9 %
rown Shipley	9 %	P. S. Refson & Co.	9 %
anada Perm't. Trust	9 %	Rossminster Accept'cs	7½%
apitol C & C Fin. Ltd.	8½%	Royal Bk. Canada Trust	9 %
ayzer Ltd.	9 %	Schlesinger Limited	9 %
edar Holdings	9½%	E. S. Schwab	10½%
harterhouse Japhet	9 %	Security Trust Co. Ltd.	10 %
houlartons	9 %	Shenley Trust	9½%
E. Coates	10 %	Standard Chartered	9 %
onsolidated Credits	7½%	Trade Dev. Bank	9 %
o-operative Bank ......*	9 %	Trustee Savings Bank	9 %
orinthian Securities	9 %	Twentieth Century Bk.	8½%
redit Lyonnais	9 %	United Bank of Kuwait	7½%
he Cyprus Popular Bk.	9 %	Whiteway Laidlaw	9½%
uncan Lawrie ......¶	9 %	Williams & Glyn's	9 %
agil Trust	9 %	Yorkshire Bank	9 %
nglish Transcont.	9 %		
irst London Secs.	7½%		
irst Nat. Fin. Corpn.	10 %		
irst Nat. Secs. Ltd.	9½%		
ntony Gibbs	9 %		
reyhound Guaranty	9 %		
rindlays Bank ......‡	9 %		
uinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%, 1-month deposits 6½%.
† 7-day deposits on sums of £10,000 and under 6%, up to £25,000 6½%, and over £25,000 6¾%.
‡ Call deposits over £1,000 6%.
§ Demand deposits 6¼%.
¶ Rate also applies to Sterling Ind. Secs.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	SHK249.99	.....	3.00
Jardine Jpn. Fd.*	SHK321.15	.....	0.90
Jardine S.E.A.	SHK13.52	.....	2.30
Jardine Flem. Int.†.	SHK9.46	.....	—

NAV April 28. *Equivalent SUS.60.20 Next sub. May 15

Keyselex Mngt., Jersey Ltd.
PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

Fonselex	Fr1,401	1,546	.....	2.90
Bondselex	Fr121.80	127.79	.....	—
Keyselex Int'l	£6.35	7.19	.....	4.17
Keyselex Europe	£3.80	4.27	.....	3.86
Japan Gth. Fund	SUS23.49	SUS25.47	.....	—
Keyselex Japan	£11.46	12.51	.....	—
Cent. Assets Cap.	£132.64		−0.05	....

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555

Cnv. Bd. Fd. May 9	SUS9.56	+0.37	—
Energy Int. May 9	SUS16.78	−0.15	—
Gr.St. $Fd. Apr. 30	SUS6.85	.....	—
Mr.Eur May 3	SUS3.34	10.44	—

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd April 27	SUS12.26	12.57	.....	—
CMT Ltd. April 27	£12.35	12.66	.....	—
MetalsTst April 20	£11.44	11.72	.....	—
TMT April 13	SUS9.55	9.80	.....	—
TMT Ltd. April 13	£9.74	9.99	.....	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd | SUS13.91 | −0.07 | —

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ◊. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 473-478

INSURANCE BASE RATES

† Property Growth 9½%
† Vanbrugh Guaranteed 8½%

†Address shown under Insurance and Property Bond Table

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102⅝	100⅛	Treasury 10½pc '78‡‡	100⅛	......	10.46	8.33
99⅝	98⅝	Exch. 5pc '76-78‡‡	98¾	−⅛	5.07	8.65
105⅜	102	Treasury 11½pc '79‡‡	102	−⅛	11.27	8.87
97	94¾	Treasury 3pc '79‡‡	95⅛	−⅛	3.15	6.81
97⅞	95⅛	Electric 4¼pc '74-79	95⅞	−⅛	4.43	7.43
104⅝	101	Treasury 10½pc '79‡‡	101	−⅜	10.40	9.71
96½	94¾	Electric 3½pc '76-79	95⅝xd	+⅛	3.66	6.57
103⅛	98⅛	Treasury 9pc 1980‡‡	98⅞	−⅛	9.10	9.66
102⅝	99⅛	Treasury 9½pc '80‡‡	99¾xd	−⅛	9.52	9.64
95⅛	92⅞	Treasury 3½pc '77-80	93½xd	−⅛	3.74	6.89
96½	94	Funding 5¼pc '78-80‡‡	95⅛xd	−⅛	5.52	7.83
110¼	105¼	Exchequer 13pc 1980‡‡	105¼xd	−⅛	12.35	10.58
106¼	101⅜	Treasury 11½pc 1981‡‡	101⅝	−⅛	11.30	10.70
91⅝	88⅞	Treasury 3½pc 1979-81	89⅜	−⅛	3.92	7.84
101¾	98⅛	Treasury 9¾pc 1981‡‡	98⅛	−⅛	9.94	10.53
97⅞	94½	Exch. 8¼pc 1981	94½xd	−⅛	8.73	10.40
100⅛	96⅝	Exch. 9½pc 1981	96⅝	−⅛	9.83	10.75
87⅝	86⅜	Exch. 3pc 1981	86⅝	−⅛	3.47	7.78
96⅞	96½	Treas. Variable '81§§	96⅞xd	+⅛	6.36	10.11
111	105⅛	Exch. 12¾pc 1981‡‡	105⅛xd	−⅛	12.12	10.93
99⅜	93⅞	Treas. 8½pc '80-82‡‡	93⅞	−⅛	9.05	10.53
86⅝	83¾	Treasury 3pc '82‡‡	84¼	−⅛	3.56	7.91
115⅞	109	Treasury 14pc '82‡‡	109	−⅛	12.84	11.05
96	95⅜	Treas. Variable '82§§	95⅞xd	−⅛	6.80	8.91
96⅛	91⅝	Treasury 8¼pc '82	91⅝	−⅛	9.00	10.80
100¼	94½	Exch. 9¼pc 1982	94½	−⅛	9.79	10.84
96⅝	92¼	Exch. 8¾pc 1983	92¼	−⅛	9.48	10.90
85¼	80¼	Exch. 3pc '83	80¼	−⅛	3.71	7.90
114¼	103½	Treasury 12pc 1983‡‡	103½	−½	11.59	11.03
		Five to Fifteen Years				
100⅛	95⅜	Treasury 9½pc '83	96¼	−¼	9.90	10.95
89⅝	84¼	Funding 5½pc '82-84‡‡	84½	......	6.65	9.49
96⅞	91⅞	Treasury 8¼pc '84-86‡‡	92	......	9.53	10.50
87⅝	79	Funding 6½pc '85-87‡‡	79¼	......	8.22	10.10
89⅝	82¼	Treasury 7¾pc '85-88‡‡	83¾	......	9.51	10.87
68⅜	61¼	Transport 3pc '78-88	62⅛	......	4.89	8.86
75⅝	65⅝	Treasury 5pc '86-89	65¾	......	7.65	10.19
115¼	107⅛	Treasury 13pc 1990‡‡	108¼	......	12.49	12.31
89⅞	78⅞	Treasury 8¼pc '87-90‡‡	78⅞xd	......	10.36	11.40
106½	98⅛	Treasury 11¾pc 1991	99⅜	......	12.31	12.46
75¼	64⅞	Funding 5¾pc '87-91‡‡	64⅞	......	8.94	10.98
112⅛	103¼	Treasury 12¾pc '92‡‡	104¼	......	12.63	12.59

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Continued

S.E. List Premium 46⅞% (based on $US1.8289 per £)

Conversion factor 0.6817 (0.6824)

CANADIANS

S.E. List Premium 46⅞% (based on $2.0411 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

INSURANCE

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	170	......	Q50c	1.3	25.1
24	17	Rhod'n Corp. 16½p.	17	-½	0.56	ϕ	5.0
73	52	Roan Cons. K4	68	......	—	—	—
147	122	Tanganyika 50p	141	......	Q11.0	1.1	7.8
80	76	Do. Pref. 80p	80	......	Q9%	16.4	9.0
41	32	Wankie Col. Rh.1	36	......	†Q7½c	1.4	17.8
15	10	Zam.Cpr.SBD0.24	14	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
12	10	Acmex 25c	10	......	—	—	—
113	64	Bougainville 50 Toea	107	+1½	Q8c	1.4	4.7
78	63	BH South 50c	74	......	—	—	—
217	148	Conzinc Riotinto 50c	206	......	Q10c	2.2	3.0
72	48	G.M. Kalgoorlie $1	54	......	—	—	—
136	91	Hamptn Areas 5p	118	......	1.45	4.1	1.9
17	10	Metals Ex. 50c	14	......	—	—	—
187	125	M.I.M. Hldgs. 50c	182	-2	Q9c	1.7	3.0
24	10	Mount Lyell 25c	22	......	—	—	—
3¼	1½	Newmetal 10c	3¼	-1	—	—	—
112	79	North B. Hill 50c	108	+1	Q8c	1.5	4.6
11½	8½	Nth. Kalgurli	9	......	—	—	—
156	117	Oakbridge $A1	149	......	†Q11c	1.9	4.6
40	30	Pacific Copper	34	......	—	—	—
£11¼	750	Pancont'l 25c	£11	-¼	—	—	—
18½	12	Paringa M&Ex. 5p	18	......	—	—	—
480	310	Peko-Wallsend 50c	442	-5	Q15c	4.0	2.1
122	65	Westn. Mining 50c	114	+1	Q6c	1.4	3.2
50	35	Whim Creek 20c	40	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	27	+1	†2.51	1.6	14.1
355	240	Ayer Hitam $M1	355	+20	[illegible]	0.9	‡
55	45	Beralt Tin	52	......	3.75	ϕ	11.5
275	200	Berjuntai $M1	275	+5	‡Q110c	ϕ	‡
145	111	Geevor	145	+5	b4.51	3.4	4.7
10	8½	Gold & Base 12½p	9½	......	—	—	—
270	220	Gopeng Cons.	255	......	15.0	0.9	9.0
160	130	Hongkong	160	......	—	—	—
93	78	Idris 10p	85	......	7.5	ϕ	13.4
11	10	Jantar 12½p	11	......	—	—	—
73	68	Kamunting $M0.50	69	......	‡Q15.5c	0.7	4.8
460	450	Killinghall	460	......	Q125	ϕ	27.2
355	280	Malay Dredging $M1	355	+5	†Q95c	0.8	5.8
56	40	♦Pahang	56	+1	‡Q3.75c	0.5	‡
60	50	Pengkalen 10p	60	+3	6.5	1.3	16.4
195	165	Petaling $M1	195	......	‡Q17c	10.9	1.4
61	49	Saint Piran	54	-1	g1.99	4.6	5.6
61	47	South Crofty 10p	57	......	b4.13	1.5	11.0
190	140	South Kinta $M0.50	190	+5	‡Q77.8c	1.4	8.8
280	230	Sthn Malayan $M1	270	+5	‡Q31.3c	1.1	10.4
198	134	Sungei Besi $M1	198	+3	—	—	—
72	55	Supreme Corp. $M1	72	......	‡Q10c	—	3.0
100	85	Tanjong 15p	90	......	6.5	ϕ	10.9
95	74	Tongkah Hrbr. $M1	95	......	[illegible]	1.6	12.9
202	148	Tronoh $M1	202	+5	‡Q58c	ϕ	9.4

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
96	70	Messina R0.50	83	......	‡Q30c	2.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
16	9	Burma Mines 17½p	16	+1	—	—	—
300	220	Cons. Murch. 10c	240	-5	Q30c	2.6	7.5
365	245	Northgate C$1	340	-15	—	—	—
210	164	R.T.Z.	203xd	-1	9.5	2.8	7.1
46½	30	Sabina Inds. C$1	34	......	—	—	—
£11	750	Tara Exptn. $1	£10	......	—	—	—
45	43	Teindy Minerals 10p	43xd	......	1.33	ϕ	4.7
162	120	Yukon Cons. C$1	154	-1	Q7c	ϕ	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ∥ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	45	......
Bertam	22	......
Bdg'wtr. Est. 50p	272	......
Clover Croft	22	......
Craig & Rose £1	420	......
Dyson (R. A.) A	41	......
Ellis & McHdy.	65	......
Evans Fr'k. 10p.	57¢	......
Evered	15	......
Fife Forge	50	+2
Finlay Pkg. 5p	19½	......
Graig Ship. £1	150	......
Higsons Brew	82	......
I.O.M. Stm. £1	147	......
Holt (Jos.) 25p	258	+8
N'thn. Goldsmith	55	......
Pearce (C. H.)	150	......
Peel Mills	20	+1
Sheffield Brick	48	......
Sheff. Refrshmt.	52	......
Sindall (Wm.)	85	......

IRISH

Conv. 9% '80/82	£91½	-½
Alliance Gas	75	......
Arnott	320	......
Carroll (P.J.)	88	-2
Clondalkin	100	+5
Concrete Prods.	132	......
Heiton (Hldgs.)	40	......
Ins. Corp	148xc	......
Irish Ropes	125	......
Jacob	65	......
Sunbeam	34	+1
T.M.G.	190xd	+3
Unidare	95	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	23	Tube Invest.	30
A.P. Cement	18	"Imps"	7	Unilever	40
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	10	Inveresk	7	Vickers	15
Barclays Bank	25	KCA	5	Woolworths	6
Beecham	38	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3½
Bowaters	16	Lex Service	7	Cap. Counties	5
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	5	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	18
Burton 'A'	13	Lonrho	7	MEPC	12½
Cadburys	5	Lucas Inds.	25	Peachey	10
Courtaulds	10	Lyons (J.)	13	Samuel Props.	10
Debenhams	10	"Mams"	7	Town & City	2
Distillers	13	Mrks. & Spncr	11	**Oils**	
Dunlop	8½	Midland Bank	25	Brit. Petroleum	35
Eagle Star	11	N.E.I.	20	Burmah Oil	7
E.M.I.	18	Nat. West. Bank	22	Charterhall	3½
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	10	Ultramar	22
Glaxo	40	Plessey	9	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	18	Rank Org. 'A'	18	Cons. Gold	20
Guardian	18	Reed Intl.	14	Rio T. Zinc	16
G.K.N.	22	Spillers	4		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	25		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday May 11 1978

Interior Minister resigns as Italy mourns Moro

BY PAUL BETTS AND DOMINICK J. COYLE

ROME, May 10.

SIGNOR FRANCESCO COSSIGA, the Italian Interior Minister, tendered his resignation to-night 24 hours after the body of Sig. Aldo Moro was dumped in the centre of Rome by the Red Brigades terrorist group.

The Interior Ministry said to-night that the resignation was "irrevocable" though there was no immediate reaction from the office of Sig. Giulio Andreotti, the Prime Minister.

Sig. Cossiga has been coming under increasing criticism for the failure of the security forces to combat the latest wave of political violence sweeping Italy. Earlier to-day, in the 19th such attack in Italy this year, Sig. Franco Giacomazzi, a director of the giant chemical company Montedison, was shot in the legs.

To-night Sig. Ugo La Malfa, the veteran leader of the Republican Party, called for a meeting of political parties directly supporting the Andreotti administration to review fully the Moro case and Sig. Cossiga's resignation.

In a four-page letter to the Prime Minister, Sig. Cossiga said Parliament now had to open an inquiry into the kidnapping. To facilitate the inquiry, the Interior Minister wrote, he felt it necessary to resign.

He said the Government's stand throughout the 55-day kidnapping was the "only possible line" it could adopt. He added that he assumed his full moral and political responsibilities serenely. The State now "must intensify and renew the fight against terrorism."

News of Sig. Cossiga's resignation came as a special parliamentary session to pay tribute to Sig. Moro was taking place.

The discovery of Sig. Moro's body within yards of both the Christian Democrat Party headquarters and the Communist Party headquarters has provoked intense indignation and a sense of profound outrage in Italy.

The Government is now believed to be planning much tighter security for leading politicians major public buildings, including Parliament itself, and the control centres of major public utilities.

Sig. Andreotti told Parliament to-night that the assassination by the Red Brigades terrorists was an attempt to wreck the efforts of conciliation now in course in Italy, an oblique reference to the new and still controversial governing relationship between the Christian Democrats and the Communists.

The Prime Minister's intervention before the Chamber of Deputies was both brief and delicately balanced. It followed a tribute to Sig. Moro by Sig Pietro Ingrao, the President of the Chamber.

Sig. Andreotti insisted that the laws of the State were adequate to protect its institutions, and that it was solely to the electorate—and not by implication, to any terrorist group—that the Government had to respond.

This reference to the electorate was aimed at more than 4m. Italians scheduled to vote in important local elections on Sunday, when the Christian Democrats could pick up a strong sympathy vote after the murder of Sig. Moro, the party's president.

Sunday's elections pose a dilemma for Sig. Andreotti. If the Christian Democrats advance in the poll at the expense of the Communists, the present governing alliance could be undermined.

This would clearly not suit the short-term political strategy of Sig. Andreotti who, for the moment, can find no other governing alternative. An early general election is ruled out on constitutional grounds, owing to the early termination of the presidency of Sig. Giovanni Leone.

Sig. Andreotti is understood to favour an early vote in Parliament on a range of new and reinforced security measures introduced by decree law in the immediate aftermath of Sig. Moro's kidnapping on March 16. Some 3,000 amendments have been tabled at committee hearings in both the Senate and the Chamber, but in the present climate the Government should have no difficulty in securing speedy approval.

The amendments have been put down almost entirely by the neo-Fascist Right, which is essentially demanding tougher measures, and the fractional groups on the political left who complain about threats to individual rights. However, the principal parties supporting the Government have reached broad agreement.

Compromise, Page 3

BASF to invest more overseas

By Guy Hawtin

FRANKFURT, May 10.

BASF, one of West Germany's leading chemical groups, is to implement a complete about turn in its investment policy.

Prompted by the steady appreciation of the Deutschemark against the currencies of competitor nations, the company is to channel an increasing proportion of its capital investment overseas.

It seems clear that the decision was taken very reluctantly. During the 1975 chemical recession, when its two leading competitors, Bayer and Hoechst, announced that their investment emphasis would be overseas, BASF rejected suggestions that it would also change direction.

Professor Matthias Seefelder, the group's chief executive, then said that West Germany would continue to be the focal point of the group's capital investment programme. Although competitors in Europe and the US enjoyed advantages from indigenous raw materials supplies, he said, BASF remained confident in the future.

Availability of raw materials, however, has not prompted BASF's move. The rise in the value of the D-Mark, particularly against the dollar, has increased West German overheads so much that, despite increased overseas sales, earnings from exports have fallen sharply.

Professor Seefelder said that the trend now would be for more and more investment to be channelled overseas. The key target areas would be North America, which currently accounts for 81 per cent. of BASF's foreign investment; South America, particularly Brazil, currently 14 per cent., and Japan, which has received most of the 4 per cent. of BASF's foreign investment allocated to the Far East.

Last year BASF's investment overseas was worth DM 2.86bn. ($1.36bn.) and accounted for only 12 per cent. of the concern's total investment. The new programme should bring this proportion up to 16 to 17 per cent. of the total within five years.

One reason for the decision to step up overseas investment could be the group's anxiety about the developing mood of protectionism in international trade.

Dr. Erich Henkel, executive board member in charge of operations outside Europe, said: "It is evident that structural changes are occurring in world trade that will damage the competitive position of German chemical exports. Countries which were formerly significant markets for chemical products exported by industrial countries, are in some cases becoming exporters themselves."

Bleak prospects, Page 29

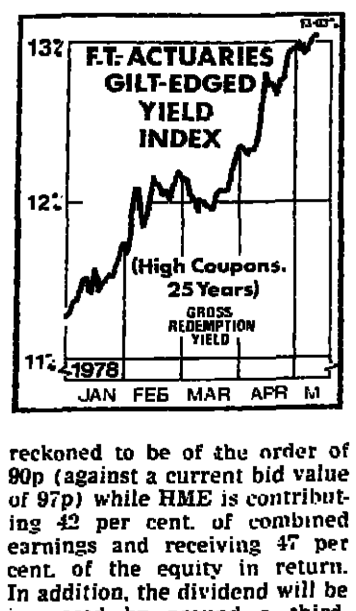
THE LEX COLUMN

Malaysian merger for Harrisons

Although the stock market reacted calmly to the overnight monetary news, with long gilts rallying later in the day, the money market remains unsettled. At the very least the discount houses will be expecting a signal to-day—with market rates indicating MLR of at least 9 per cent. — and there is a possibility of more comprehensive measures emerging from the Bank of England to-day.

Much will depend on the preliminary April trade figures which the authorities will now have in their hands. If these are good the Bank will have reason to hope that confidence can be restored to the gilt-edged market on publication next Monday without further action. If the trade returns are clearly bad, however, the authorities may decide on more drastic initiatives to show they have a grip on a deteriorating situation. The options include the return of the banking "corset" a more aggressive gilt-edged selling effort involving still higher interest rates, and the introduction of some new funding device.

Index rose 3.9 to 475.0



Harrisons/HME

The recent buoyancy of the share price of Harrisons Malaysian Estates (HME) indicated that something was afoot and yesterday's £116m. bid from Harrisons and Crosfield is no great surprise. Ever since Genting Highlands, a fun-loving Malaysian casino operator, popped up with a cheeky bid for Golden Hope last year, the H and C camp has been fending off unwanted suitors. This latest move must be viewed very much as a defensive gesture. If H and C can win control of HME it will be able to negotiate with the Malaysian Government from a position of strength and it will not be bothered by noisy minorities.

For the H and C shareholder the move has its attractions. The merged group will be one of the largest plantation companies in the world and the 88 per cent. increase in the dividend means that at 487p the shares are on a prospective yield of 6.8 per cent. — one and a-half percentage points above the yield on Inchcape, for instance.

HME shareholders have had a good run for their money with the share price nearly doubling over the last year. HME's net asset value per share is reckoned to be of the order of 90p (against a current bid value of 97p) while HME is contributing 42 per cent. of combined earnings and receiving 47 per cent. of the equity in return. In addition, the dividend will be increased by around a third. The more adventurous shareholders could opt not to accept the bid and go out to Malaysia with the rest of HME when the time comes, thereby benefiting from the investment currency premium. But there is no way of judging how marketable the stock will be locally, especially since 10 per cent. of the new Malaysian company is going to be placed at a substantial discount with local investors.

Meanwhile ex-shareholders of Harcros, bought by H and C a few months ago, may wonder how the trust's stakes in both London Sumatra and now HME can have so quickly shot up in value through bids.

Royal Insurance

The market was not expecting fireworks from Royal Insurance, and it did not get them: the severe weather in the U.K. and North America saw to that, and Royal did not get the modest protection enjoyed by Commercial Union from its extreme weather provision. So although Royal moved from a corresponding £6.3m. U.S. underwriting loss in January-March to an £0.5m. profit there was a rather greater overall deterioration in other territories, leading to an aggregate loss on underwriting of £1.1m. against a £1m. profit. With investment income up a tenth, however, total pre-tax profits have improved slightly from £27.5m. to £28.6m.

The improving trend in the U.S. reflects the benefit of rate increases, while the cutback of unprofitable lines taken two or three years ago continues to come through in the accounts. The commercial side of the U.S. operations now looks satisfactory, and but for the bad weather the personal side would also have been good. The natural disasters which afflict the insurance industry from time to time came this year to the U.K., however, and Royal — with its large personal householder account — felt the effects in the first quarter.

Projecting forward, the indications are that the group's pre-tax profits are only going to be slightly higher than in 1977. The market is looking for perhaps a £10m. improvement on last year's £134m. The share price shed 6p on the news to 370p, where the yield is 6.7 per cent.

Akroyd & Smithers

Akroyd and Smithers' joyride in the 1977 gilt market ended with its financial year last September. Its first half loss of £2.5m. pretax to March 1978 compares with £10m. profit in the equivalent period a year earlier. Akroyd started it with a clear bull position in gilts but undermined by poor money supply and trade figures, the FT Government securities index fell by 5.3 per cent. over the period while the All-Share Index lost 7 per cent. If jobbers had read the monetary strategy of the authorities too easily a year earlier they now found it obscure. Akroyd's skill lay in holding the loss as low as it did.

Things have got better in the first month of the second half. It saw the beginning of Akroyd's trading in Kaffirs and options, but these had only minimal impact. April was dominated by the Budget and Akroyd was not let down by its bearish assessment of the consequences: the gilts index has since dropped another 4 per cent. to a new low. By way of contrast the equity market has picked up 4 per cent. since the end of March. But even with business levels improving Akroyd does not disguise how difficult it now is to make money trading equities in a volatile market dominated by institutions.

Agreed £116m. bid for Malay estates

By James Bartholomew

HARRISONS and Crosfield announced yesterday an agreed £116m. bid for the 73.6 per cent. of Harrisons Malaysian Estates which it does not own.

Harrisons and Crosfield built up its stake from 16.4 per cent. at the beginning of this year. Associates of the company own a further 5.1 per cent.

The combined group if the merger is successful would be the third largest plantation group in the East.

Mr. Thomas Prentice, chairman of Harrisons and Crosfield, said that the bid was the only way to safeguard the company's interests. In recent months several plantations had received unwelcome attention from third parties.

McLeod Russel made a bid for Malayalam Plantations in 1977 and McLeod-Sipef for London Sumatra in January.

Harrisons Malaysian Estates is negotiating with the Malaysian Government over transfer of the company to that country and sale of some of its shares to local investors. This sale would dilute the company's stake in their estates.

But if the merger goes through, Harrisons and Crosfield will be able to retain its commanding interest despite "Malaysianisation."

The Malaysian authorities refused to comment on the new proposals until more details were available.

Mr. Prentice said that the merger should not be seen as hostile to the Malaysian Government. Aspects of it were designed to appeal to the authorities there.

Terms of the offer are one Harrisons and Crosfield share for every five shares of Harrisons Malaysia Estates.

Harrisons and Crosfield has received Treasury consent in the context of the merger to increase its dividends by 88 per cent. to 21.78p net per share.

In the stock market yesterday Harrison shares fell 13p to 487p and Estates shares rose 7p to 97p.

Background to bid, Page 28

Tougher rules on mergers urged in Green Paper

BY CHRISTINE MOIR

A TOUGHER attitude to mergers based firmly on the need to preserve competition was unveiled in a Government Green Paper on Monopolies and Mergers published yesterday.

The Green Paper calls for stronger powers to control groups of companies which dominate individual markets and recommends in principle the merger of the Price Commission and the Monopolies Commission to secure this.

However, the Green Paper, prepared by an inter-departmental group, falls short of recommending a complete reversal of the present burden of proof in merger cases. Companies should not be required to prove that mergers were in the public interest before being permitted to go ahead, the report concludes.

Rather, the Government should shift towards "an essentially neutral approach," with greater emphasis on competition.

The first step in the merger vetting process would be to establish whether the merger would result in a "significant reduction of competition." If it would, "we should then look critically at the prospects of benefits accruing to the economy."

Unless the participants could provide "convincing evidence of offsetting benefits and the probability of their achievement," the merger would probably be referred to the Monopolies Commission.

In practice this might result in about four times as many mergers being referred to the Monopolies Commission as at present Mr. Hans Liesner, chairman of the review group, said yesterday. But the basis for referral need not be changed very much.

As at present the guidelines for judging a significant effect on competition would be where the combined market share of the two companies would exceed 25 per cent. of the U.K. market or where either the bidding company or its target already had a 25 per cent. share.

The report does recommend that referral to the Monopolies Commission should not now be triggered off unless the gross assets which are to be taken over exceed £8m. rather than the present £5m.

The new emphasis on competition would mean an amendment to the Fair Trading Act, 1973, which, the report says, should be backed up by clear non-statutory guidelines for the Mergers Panel.

The group also studied the problem of more effective control of monopolies and oligopolies — small groups of companies which effectively control a particular market. More study is still required before a policy can be formulated, the group said, but under the present rules certain anti-competitive trade practices are difficult to prevent.

Already the Price Commission operates to control some of these practices and "in principle we consider that there would be an advantage in bringing the Monopolies Commission and the Price Commission together," the report adds.

Mr. Roy Hattersley, Secretary for Prices and Consumer Protection, presenting the Green Paper yesterday, said he was "personally enthusiastic" about the new policy.

However, he could give no date for any possible legislation arising out of it. The group would hear submissions on mergers until October and would accept initial representations on monopolies until July. It was unlikely that a Bill could begin to be drafted before next year.

John Elliott, Industrial Editor writes: The Confederation of British Industry is likely to oppose any idea of merging the Monopolies and Mergers Commission with the Price Commission if this would lead to a strengthening of existing price controls.

The Confederation said last night that such an event would be "extremely dangerous."

Industrialists are extremely critical of the way the Price Commission has been conducting some of its investigations into companies, and they would not, therefore, want to see the Price Commission's powers increased to match those of the Monopolies Commission.

A Review of Monopolies and Mergers Policy. A Consultative Document. Cmnd.7198. SO., £2.85.

Mergers policy, Page 22

Civil servants move to the Left

BY PHILIP BASSETT, LABOUR STAFF

CONTROL OF Britain's largest Civil Service union, the Civil and Public Services Association, was effectively seized by the far Left yesterday.

At the union's annual conference in Brighton yesterday, the Left wing polled 78.8 per cent. of the votes for the national executive election, to swing the balance of power on the executive to 22-6 in its favour, including two Left-wing vice-presidents elected earlier this week.

The executive had been divided 16-12 for the moderates, with a Left-wing and a Right-wing vice-president.

Far left candidates, from the Communist Party, the Socialist Workers Party and Trotskyists, took 13 of the executive's 26 seats. With the election of a Communist Party member as vice-president, the results mark the biggest ever majority the Left has held in the union.

Although the association, which represents mainly clerical grades, has always been politically volatile, yesterday's swing is in sharp contrast to the move to the Right—under postal balloting—in the Amalgamated Union of Engineering Workers.

It means that the prospect of a Civil Service revolt over pay if wage controls are extended looms large and that the Government's offer of a closed shop with wide exemptions has even less chance of being accepted.

Mr. Ken Thomas, the association's general secretary, said the Leftward swing was a reaction by the membership against the restrictions of Government incomes policy.

Earlier, Mr. Thomas told the conference he would be rejecting the Government's new proposals for a closed shop for basic grade civil servants.

He would ask the TUC general council to press the Government to change the proposals, particularly a condition on ballotting non-union staff as well as union members on the issue. Industrial action had not been ruled out, he said.

Commenting on the Government's closed shop offer, Mr. James Prior, shadow Employment Secretary, said last night: "In some respects this seems to do more than meet our objections to the closed shop."

● A permanent incomes policy would leave civil servants "permanently resentful and angry." Mr. Gerry Gillman, general secretary of the Society of Civil and Public Servants, told its conference in Bournemouth. It would leave the service behind the private sector, with which civil servants were supposed to maintain parity.

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Doctors

considerable unrest in the profession. Junior hospital doctors, traditionally the most militant, get only a 4.5 per cent increase plus some improved fringe benefits. A top consultant, however, will get more than 19 per cent. extra.

The Review Body points out that junior hospital doctors have not fared too badly since the introduction of a new contract. "But consultants have fared particularly badly over the same period, and most general medical practitioners and general dental practitioners have not done much better," it adds.

The report also attacks the effects of pay policy on doctors' and dentists' pay. It says that the anomalies and injustices caused are "greater than in almost any other single field." This is the main reason for the "serious decline in morale of the medical and dental professions over the last three years."

It warns, "If this decline is not reversed, the consequences for the National Health Service and for the community as a whole will become increasingly serious."

The cost of the 10 per cent. rise this year is £86.2m., which has already been allowed for in the Government's public spending programme. The remaining increases will cost another £135m.

Review Body on Doctors' and Dentists' Remuneration. Eighth Report 1978. SO, £1.60.

Continued from Page 1

Benn seeks more control

This means that companies could pay up to £3,750 per square kilometre a year in future.

Companies are reserving public comment until they have studied the document. The U.K. Offshore Operators' Association, which represents North Sea operating groups, expects to present the industry's views to Government within the next few weeks.

However, Mr George Williams, director-general of the association, speaking in a personal capacity, said last night: "The Government are seeking even more involvement than the 51 per cent. which we have always thought was their stated objective. We are bound to ask: when will their appetite be satisfied?"

Exploration conditions were becoming more difficult. The best fields had been found and the industry was being forced into deeper, more remote waters. "Instead of providing the industry with additional incentives for increasing exploration in the national interest, the proposals go the other way," he said.

Mr. Tom King, the Tory energy spokesman, said last night: "The recent suggestions that Government policy was aimed at excluding all private companies from the North Sea now looks to be much closer to the truth than it might have previously appeared.

"Nobody challenges the need for proper British control. What is seriously at issue is whether Mr. Benn's proposals will be damaging to the progress of the North Sea."

The draft conditions tended to play into the hands of the major international companies which had the resources to pay the oil corporation's costs. "It looks like a further major set-back for the development of British independent companies."

The Government is hoping to conclude its consultations with the oil industry by the end of next month. This will allow the licences to be formally offered this summer.

Mr. Benn also spoke out yesterday against U.S. Government plans to extend the Jones Shipping Act to make sure that all supply boats and other vessels used by the American offshore oil industry are registered in the U.S.

U.K. likely to retain standby credit

By David Freud

THE U.K.'s standby credit from the International Monetary Fund is likely to remain available for the rest of the year. Talks between the Treasury and a Fund team start to-day.

The credit has been available since the financial crisis at the end of 1976. The Government signed a Letter of Intent agreeing to a series of restrictive monetary policies, the guidelines of which were re-affirmed last December.

About half the $4.1bn. credit was drawn and there is still more than $1bn. outstanding.

Earlier this year, in the light of the favourable financial environment, there was speculation that the Government might cut loose prematurely from the standby and the Fund's oversight of its policies.

Now a decision to relinquish the standby appears increasingly unattractive because of the possible harmful effects on confidence in the nervous state of the foreign exchange market. So the Government is likely to let the standby run its full course until January 2.

The official position is that the U.K.'s responsible policies would continue in force even if the standby was ended.

Continuation of the standby would require new targets on domestic credit expansion and the public sector borrowing requirement.

Such targets could be accommodated without any effective change in Government policy. The £8.5bn. borrowing expectation announced in the Budget for 1978-79 was in effect firmed into a ceiling by the Chancellor this week.

Similarly, the Chancellor's forecast of a £6bn. domestic credit expansion is likely to be within the Fund's requirements.

Weather

U.K. TO-DAY

DRY with sunny periods.

London, Cent. S., Cent. N. England, Midlands, Channel Islands, S.W. England, S. Wales

Dry, sunny periods. Max. 18C or 19C (64F or 66F).

S.E. England, E. Anglia, E. and N.E. England

Dry. Sunny periods. Max. 18C (64F), 10C (59F) on coasts.

N. Wales, N.W. England, Lakes, Isle of Man

Dry, cloudy, sunny intervals. Max. 14C (57F).

Borders, Moray Firth, N.E. Scotland

Mainly dry, cloudy. Max. 12C (54F), 8C (46F) on coasts.

Cent. Highlands, N.W., S.W. Scotland, N. Ireland

Cloudy occasional rain. Max. 12C (54F).

Outlook: Cooler with outbreaks of rain.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	S	21	75	Luxembg.	F	16	61
Amstrdm	F	10	50	Madrid	F	18	64
Athens	S	20	68	Manchstr.	S	18	64
Bahrain	S	30	86	Melbourne	R	9	48
Barcelona	S	19	66	Milan	F	20	68
Beirut	S	27	81	Montreal	R	11	52
Belfast	F	16	61	Moscow	Th	9	48
Belgrade	C	15	59	Munich	S	12	54
Berlin	C	8	46	Newcastle	C	9	48
Birmghm.	S	16	61	New York	S	19	66
Bristol	S	18	64	Oslo	S	9	48
Brussels	S	12	54	Paris	S	14	57
Budapest	F	15	59	Perth	F	19	66
B. Aires	S	25	77	Prague	R	7	45
Cairo	S	35	95	Reykjavik	C	11	52
Cardiff	S	16	61	Rio de J'o	S	28	82
Chicago	S	15	59	Rome	F	19	66
Cologne	F	15	59	Singapore	S	26	79
Copnhagn.	F	7	45	Stockholm	F	6	43
Dublin	C	19	66	Strasbrg.	S	17	63
Edinburgh	S	11	52	Sydney	C	18	64
Frankfurt	F	16	61	Tehran	S	27	81
Geneva	S	16	61	Tel Aviv	S	23	73
Glasgow	S	18	64	Tokyo	R	20	68
Helsinki	F	6	43	Toronto	C	11	52
H. Kong	S	30	86	Vienna	C	11	52
Jo'burg	S	27	80	Warsaw	R	3	37
Lisbon	S	21	70	Zurich	F	13	55
London	S	15	59				

HOLIDAY RESORTS

Ajaccio	S	19	66	Jersey	S	15	59
Algiers	C	16	61	Las Plms	C	19	66
Biarritz	S	15	59	Locarno	S	21	70
Blackpool	S	13	55	Majorca	F	16	61
Bordeaux	S	19	66	Malaga	S	20	68
Boulogne	S	10	50	Malta	S	21	70
Casblnca.	S	19	66	Nairobi	C	20	68
Cape Tn	C	22	72	Naples	F	16	61
Dubrovnik	S	18	64	Nice	C	17	63
Faro	S	22	72	Nicosia	S	25	77
Florence	C	20	68	Oporto	S	20	68
Funchal	S	19	66	Rhodes	S	21	70
Gibraltar	F	18	64	Salzburg	F	12	54
Guernsey	S	14	57	Tangier	F	19	66
Innsbruck	C	12	54	Tenerife	C	14	57
Inverness	F	12	54	Tunis	R	19	66
Is. of Man	S	14	57	Valencia	S	23	73
Istanbul	C	18	64	Venice	F	17	63

S—Sunny. C—Cloudy. R—Rain. F—Fair. Th—Thunderstorm.

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